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THURSDAY, SEPTEMBER 8, 1949

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During September 50 million people will be told about the Family Legal Liability Policy. Experience has proved that America Fore Agents who have tied-in with our past national advertising of this policy have developed many desirable accounts.

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Peace of mind is priceless.... Yet too often we fail to appreciate this fact until trouble, worry and anguish engulf us. But right now, for just \$10, you can blot out a whole field of worry! You can get those of your resident family for injuries you and they may cause, for accidents on your premises, PLUS \$250

At your service in backing up the largest insurance groups in the world—to handle the full amount of legal fees and meet court judgments up to the limit of the policy. For this bargain in peace of mind, see your America Fore insurance man—ask him about the Family Legal Liability Policy—today!

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Gentlemen: I want to know more about the Family Legal Liability Policy.
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This ad is appearing
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• LIFE

- THE SATURDAY EVENING POST
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- PATHFINDER

September 8, 1949
53rd Year, No. 36

Big Potential Field for Lawyers in Fire Subrogation

Bar Association Speaker Envisions Fees of \$10 Million Annually

St. LOUIS—There are potential fees of from \$10 million annually to \$13 million annually for lawyers in handling fire subrogation cases, according to Tim G. Lowry of the Chicago law firm of Eckert, Peterson & Leeming, who addressed the meeting here of the insurance section of American Bar Assn.

Mr. Lowry estimated that not less than 6% of all amounts paid in fire losses could be recovered by prosecuting subrogation claims. On that basis the fire companies which paid more than \$711 million in losses in 1948 could have collected on subrogation claims more than \$42 million. The claims are handled on a strictly contingent fee basis of 25 to 33 1/3% of the recovery and it is on that basis that Mr. Lowry arrived at his conclusion that the lawyers' potential reward is from \$10 million to \$13 million.

Acceleration of Interest

There has been an acceleration of interest in this type of claim. For instance he said one company-owned adjusting organization in the middle west found that in 1943 fees paid to attorneys by fire companies in subrogation cases in connection with losses adjusted by this one organization amounted to about \$91,000. In 1948 the amount had increased to more than \$301,000 and the figure will exceed \$405,000 this year. Most of the increase is attributable to a greater consciousness on the part of the fire insurance business of subrogation potentials.

All company-owned or affiliated adjusting agencies are training their men more than ever before to be alert to discover and report potential subrogation situations.

In essence the handling of a subrogation matter for a fire company is the prosecution of a plaintiff's casualty claim. Any third person whose negligence causes or contributes to the origin or spread of a fire may have a liability to the insurer that pays a loss as a result of the fire, whether the loss be building, machinery or inventory damage or is a variety of consequential damage.

Summarizes the Criticisms

Mr. Lowry summarized the criticisms that he has heard on the part of insurers and adjusters of the way that attorneys handle subrogation cases. Most frequent criticism is that the attorney is dilatory in investigating the claim, in seeking a settlement, in filing suit and forcing trial. Often, Mr. Lowry said, this is due to the fact that the attorney fails to keep the adjuster and insurer fully advised concerning progress, condition of his local court calendar, etc.

Insurance companies pride themselves on the speed with which they handle losses for insured and hence they are inclined to become irked by delays in disposing of disputed third party liability cases. In any event the attorney should pursue the matter and report progress promptly and make it unnecessary for

(CONTINUED ON PAGE 16)

Escott Plan Wins N. Y. Department Approval

NEW YORK—The New York department has approved the Escott plan of rating multiple location contents, fire risks, as filed by the New York Fire Insurance Rating Organization, effective Sept. 1. The filing was made for all members and subscribers of the rating organization except North America, Fireman's Fund and United Mutual Fire, which previously withdrew from N.Y.F.I.R.O. for this class and filed their own plans.

In addition, however, several companies asked the rating organization to refrain from filing the Escott plan for them. They are: Hartford Fire, Citizens, Northwestern F. & M., Twin City Fire, New York Underwriters, Automobile and Standard of Hartford. Notably missing from this list is the America Fore group, which also has consistently opposed the Escott plan in New York.

America Fore Files Appeal

That group has filed an appeal with the insurance department, an appeal from the action of the N.Y.F.I.R.O. governing committee in approving the filing of the Escott plan. Under the law, the department has 30 days in which to set a hearing, and it must give America Fore and the rating organization 10 days notice of the hearing. In the meantime, America Fore is not barred from use of the new plan as approved.

In its notice to the rating bureau approving the Escott plan the department, over the signature of Deputy Thomas C. Merrill, points out that if Hartford Fire, et al., or other companies desire to withdraw from N.Y.F.I.R.O. or in any way amend existing authorizations of that organization as their filing agent, they should take such action directly with the department. This means that these companies would have to follow the course taken by North America, Fireman's Fund, etc., by withdrawing from the rate bureau on this class and file alternate plans, or the course taken by America Fore, of appealing from the governing committee's action on filing now approved.

Reinstating Form A

As requested by the rating body, the rating plan in effecting prior to Nov. 1, 1948, withdrawn Oct. 28, 1948, will be acceptable for business written on forms 1 and 5 up to and including Aug. 31, 1949. Since form 1 now is available to all insured meeting the requirements of the new filing, the department has no objections to reinstating form A under rules as they existed on Jan. 5, 1949, effective March 5, 1949.

The departmental order of Jan. 5, 1949, ordered appropriate adjustments of specific location rates applicable to specific locations forming a part of what would otherwise be a single risk of five or more locations under common ownership or management. The new filing is deemed an appropriate adjustment and no further action need be taken by the rating organization for adjustment of specific rates as ordered in the decision of Jan. 5, 1949.

The department accepts the N.Y.F.I.R.O. proposal as to the application of normal short rate cancellation rules

to business now on binders which is cancelled to take advantage of the new rating plan. An orderly disposition of the outstanding business requires careful observance of these rules by producers and companies alike, the department states.

The department's action ends 10 months in which there was no approved method of rating multiple location business in the state. Late in 1948, the established rating pattern of debits and credits was reversed through filing of a plan calling for rating on the average of specific location rates. This was rejected by the department on the ground that it ignored the practical lessons learned in underwriting such business, according to the department.

Breaking Point Is 55

The proposed plan provides for adjustment countrywide of average rates to the extent that the combined loss and allocated loss adjustment expense ratio for the individual risk (as modified by the provision of the plan) differs from 55%. The 55% figure recognizes on a broad average basis a lower level of expense than is ordinarily understood to be provided by the specific location rates. The choice of this figure in effect indicates a proposed allowance for expense (other than allocated loss adjustment) and profit of 45%.

Responsibility for rates under the Escott plan rests upon the local rating organization. The New York rating policy requires that rating organizations be qualified. Its provisions were amended at the 1949 legislative session to apply this requirement to long established organizations such as N.Y.F.I.R.O., according to the department. This statute means that a rating organization must be qualified to support a rate or rating plan as well as file for it. The inability of N.Y.F.I.R.O. to supply direct information as to actual expense requirements of this type of business was conceded by all parties to the hearing conducted by the department in November, 1948. To fill the gap, studies were initiated by the department and have been in progress for several months as a first step toward obtaining enlightenment as to the relative cost of handling multiple location business.

Cooperate on Cost Study

N.Y.F.I.R.O. has agreed to cooperate with the department in a study of means and methods to arrive at a cost of handling this type of business. Because the development of adequate cost figures is so essential, for all of the reasons stated, the department will anticipate prompt action by all concerned to get the joint study underway. Steps have already been taken by the department to coordinate such a study with the program of the committee on rates and rating organizations of National Assn. of Insurance Commissioners. With these considerations in mind, it should be understood that although the expense treatment embodied in the proposed filing is acceptable on an interim basis, it will be necessary to reconsider the matter upon the completion of the studies outlined.

The filing letter contemplates the responsibility of future amendments as they may become desirable or necessary. In this connection the department directs attention to the technical points listed in the majority report of the committee on rates and rating organizations, June 28, 1949, with the recommendation

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Vice-Presidential Election in N.A.I.A. Holds Interest

Van Vechten Campaign Organized—Sheldon Backers Busy—Miller Eyed

As the time approaches for the convention of National Assn. of Insurance Agents at Chicago, interest centers in the election of the vice-president inasmuch as that position is the stepping stone to the presidency a year hence.

It has been taken for granted that if Norman Chrisman of Pikeville, Ky., would consent to accept the mantle he would be elected without opposition, but his health has been impaired and he has indicated that he cannot consider undertaking the responsibility. However, it is not certain that he has given the final word and there seems to be an outside chance that he may be willing to accept.

If Mr. Chrisman does take himself out of the running the choice would lie among Melvin Miller of Fort Worth, Walter Sheldon of Chicago and James F. Van Vechten of Akron.

There has been no word from Texas as to any campaign that may be in the making in behalf of Mr. Miller. The Ohioans are aggressively supporting Mr. Van Vechten. The Summit County Assn. of Insurance Agents and Akron local board have written to the various states in Mr. Van Vechten's behalf and Ernest R. Randall of Greenville, O., heads the campaign committee.

There is no formal organization working in behalf of Mr. Sheldon but numerous Chicago and Illinois leaders are doing much individual work in his behalf and it is understood Merle Read of Joliet intends to put him in nomination.

Md. Agents Hit Term Plan

The directors of Maryland Assn. of Insurance Agents have adopted a resolution condemning the proposed annual installment premium payment plan for term policies of Southeastern Underwriters Assn. The resolution voices the opinion that the plan is unfairly discriminatory since it is inequitable to assured whose risks are not eligible for term discounts; that it will increase the work and expense of companies and agents and at the same time constitute a general rate reduction and reduction in commissions. The resolution voices the belief that the financing of accounts is the function of banks and not the business of insurance companies.

Reelect St. Paul President

ST. PAUL—Ernest Collingham of the W. A. Lang agency was reelected president of Insurance Agents Assn. of St. Paul at the annual meeting. E. J. Bachman of the Bachman-Anderson agency was elected vice-president and H. S. Matteson of Cathcart & Maxfield was reelected secretary. Commissioner Harris was the speaker.

Illinois Fire Prevention Assn. will inspect Effingham Oct. 5. Speaker will be E. F. Conour, North British. Arrangements were made by Henry Gerke, Great American. An inspection of Petersburg, scheduled for Sept. 13, has been postponed indefinitely.

Harold Hays Is New President of Oregon Assn.

Agents Hear from Downey, Stott, Sen. Morse at Portland Convention

PORTLAND — Harold S. Hays of Pownall, Taylor & Hays, Portland, was elected president of Oregon Assn. of Insurance Agents at the annual convention here last week. Charles H. Hugins, Salem, is the new chairman of the executive committee, succeeding Mr. Hays in that post. J. Don Smith, Eugene, the retiring president, was elected state national director, succeeding Sprague H. Carter of Pendleton. E. M. Stadel, Portland, continues as executive secretary. An 11-man executive committee will be appointed by the president and executive committee chairman.

Oregon Insurance Commissioner Robert B. Taylor took a bow at the first session and told the convention that he would welcome suggestions from agents for qualification test questions. He indicated that the department is reviewing the examination procedure and there will be a tightening up of qualification requirements.

Hold Business Session First

The annual business meeting was held during the first session. Committee reports were presented and the session concluded with an explanation of the association's educational program by E. M. Stadel, executive secretary; and the public relations program by H. B. Larson, Portland.

Reporting on the association's legislative activities, Harold Hays, the new state president, declared that Farmers Auto Inter-Insurance Exchange has more influence with the Oregon legislature than members of the Oregon association. The exchange successfully opposed efforts of the association to tighten the agents' qualification law. Mr. Hays reported that the agents were successful in preventing a change in the premium tax law, and attempts to enable private companies to write workers' compensation will continue.

Duane Hennessy, Portland newspaperman, gave his impressions of the problems confronting Asia, at a luncheon the first day.

California Commissioner Downey opened the afternoon session with a note of warning, charging that any scandal involving insurance would inevitably lead to federal supervision. He was the convention keynoter.

R. B. Masters, assistant manager at San Francisco for Security of New Haven, spoke on U. & O. He was followed by George W. Haerle, Charles W. Sexton Co., who led an interesting forum on "Acting in Concert" with companies. Many in the audience entered into the discussion which probed the problem of the legality of agents or companies acting in unison on such matters as fixing commissions and rates.

Ward S. Jackson, Pacific Coast manager for Crum & Forster, entered this discussion and said he believes that the federal government sooner or later will investigate agency commission costs with the result that commissions will be reduced. The industry is in effect a public utility, he remarked, and the gov-



S. H. Carter

Mutual Agents Take Slap at N.A.I.A. on Red Cross Issue

National Assn. of Mutual Insurance Agents has taken a slap at National Assn. of Insurance Agents in the form of a letter to Basil O'Connor, president of American Red Cross, from Hugh L. Murray, Jr., Raleigh, N. C., president of N.A.M.I.A., stating "I do not agree with those who have seen fit to criticize you." Mr. Murray was alluding to the program of blanket insurance purchase the Red Cross intends to embark upon with Travelers, but which was the subject of a conference recently between Mr. O'Connor and C. P. Butler, executive vice-president of N.A.I.A.

"It has come to my attention," Mr. Murray stated, "that a segment of the property and casualty insurance business has found within its purview to criticize the insurance buying policy of the American Red Cross, primarily because of loss of business to individual agents."

"It is our considered opinion that the wonderful humanitarian work of the American Red Cross stands on its own merit and that 100% cooperation on the part of everyone should not under any circumstances be contingent upon the purchase of insurance from any particular source." He stated that N.A.M.I.A. will continue to extend its hearty cooperation and collaboration to the Red Cross.

ernment probably will take this view. The business has been fortunate in that until now it has avoided strict regulation, he declared.

A more optimistic note was sounded by Carl Homer of the San Francisco general agency of Deans & Homer, who said that the men engaged in insurance have a right to discuss among themselves the value of their services. Most of the remarks during this session had to do with "concerted action," and the consensus of opinion was that the subject is so new that the industry must wait for more court decisions along this line.

John C. Stott, president of the National association, also commented following Mr. Jackson's remarks and said that the dual threat of both state and federal regulation and administration continues, and agreed that only after more court decisions will the business know where it is going. He added that with a national membership of 26,000, the situation is in the hands of the agents to take care of themselves through their contact with legislators.

Sen. Morse Gives Views

The Friday session featured an address by U. S. Senator Wayne Morse of Oregon, who talked on "Taxation and Social Legislation," pointing to the cost of expanding social security and kindred benefits.

He said he was "opposed in principle" to compulsory health insurance in America, but "you're going to have some health legislation, not this year, I don't think next, but within a decade."

He said when it came he hoped to see it on the basis of federal aid to states, not under federal control.

Other speakers that morning were Frank C. Colridge, general manager of the Pacific Board, whose topic was "The Pacific Board Looks Ahead," and Herbert H. Kirschner, public relations counsel for the board, who spoke on "The Pacific Plan in Action."

Dr. Ralph Walker, Baptist pastor, was speaker at a luncheon sponsored by Oregon Automobile and Oregon Mutual Fire.

In his prepared address, President Stott of N.A.I.A., warned against the inroads of socialization.

Functions of Oregon Rating Bureau were explained at a forum led by Hugh Lacey, vice-president of the Phil Gossamer Co. general agency of Portland.

Record Turnout Seen for Mutual Parley in Utah

A special train of 17 cars left Chicago on the Burlington railroad Sunday with delegates for the annual joint convention at Salt Lake City of National Assn. of Mutual Insurance Companies and Federation of Mutual Fire Insurance Companies. Harry P. Cooper, Jr., of Indianapolis, secretary of the National association, was in charge of this group. They will enjoy a swing through Yellowstone and will arrive at Salt Lake City Sunday morning. It is expected that the attendance at this convention will be about 1,200 and is expected to exceed all previous records.

The activities get under way Sunday evening Sept. 11 with a concert by the Salt Lake Philharmonic Orchestra and a sermon by Dr. Homer Durham, director of the Institute of Governments of the University of Utah. At the general session Monday the speaker will be Robert H. Montgomery, agricultural economist of University of Texas. The banquet speaker Wednesday, Sept. 14 will be Louis Bromfield, the noted author and proprietor of Malabar Farms at Lucas, O. Throughout the week there will be numerous sessions of various sections of the National association, these including the farm windstorm, farm fire, hail, casualty and city and town fire groups.

H. L. Kennicott of the Kemper organization at Chicago is president of the National association and Guy C. Eaby, secretary of Lancaster County Mutual of Lancaster, Pa., is vice-president.

The program was previously published for the Federation meeting.

Programs for the Sections

L. E. Rutledge of Waseca, Minn., will be in charge of the hail group. Hail reinsurance methods will be discussed by George Rutledge and J. H. Laidlaw. There will be a panel discussion of the ideal relationship between company, agent and adjuster. F. N. McCartney will give a talk on hail insurance in the far west.

Charles T. Coates will be in charge of the city and town group. L. M. Higgins, Texas Hardware Mutual Fire, will give a talk on "Reinsurance—Its Effect on Agents and Companies." Regulation 30 will be discussed, prohibited lists, coordinating the work of inspectors and underwriters, inland marine, deductible windstorm developments, and investments for mutuals.

Casualty Conference

Robert B. Goode of Allied Mutual Casualty is in charge of the casualty conference. G. W. Hopkins, Iowa Mutual Liability, will talk on "Facing the Buyers' Market" and W. B. Kinamon of Farmers Mutual Automobile of Wisconsin will talk on the same subject. W. C. Searl, secretary of Auto-Owners, will give a talk on "Legal Aspects of an Agency"; L. M. Dunathan, secretary of Shelby Mutual Casualty, will speak on "How to Get Agents to Use Advertising Material"; L. J. Bennett, vice-president

(CONTINUED ON PAGE 14)

Noble Dutton, director of the Portland traffic and transportation commission, outlined the accomplishments of the drivers' training program for high schools. Keith Rhodes, local agent of Lebanon, led a discussion aimed at bringing out sales tips for rural agents.

Resolutions included one which praised Gov. McKay for his appointment of Commissioner Taylor, and another urging Mr. Taylor to crack-down on part-time license applicants.

Oregon Assn. of Insurance General Agents entertained with an evening cocktail party. The annual buffet banquet and dance concluded the program. Fred C. Reed was master of ceremonies. The new officers were installed after the dinner by Mr. Stott.

John Handy Heads Bar Association Insurance Section

Insurance Lawyers' Meeting at St. Louis Is Again Popular Feature

ST. LOUIS—The 500 members of the insurance section of American Bar Assn. at the closing session of their annual meeting Wednesday elected the following officers:

Chairman, John F. Handy, general counsel of Massachusetts Mutual Life; first vice-chairman, Joseph W. Henderson, Philadelphia, a past president of American Bar Assn.; second vice-chairman, Franklyn J. Marryott, general counsel Liberty Mutual, and secretary, Ralph H. Kastner, associate general counsel American Life Convention, who was reelected.

Elected council members were Cecil C. Fraizer of Lincoln, general counsel H. & A. Underwriters Conference; F. Roland Allaben, Grand Rapids, Walter A. Mansfield, Detroit, and Welcome D. Pierson, Oklahoma City.

The section voted for a resolution declaring its opposition to socialized medicine and socialized medical and accident insurance. This resolution will be referred to the American Bar Association's house of delegates.

By implication evidently hitting back at Rep. Cellar's complaints about lack of information on life company investments, Commissioner Allyn of Connecticut, vice-president of National Assn. of Insurance Commissioners, declared in addressing the meeting of the insurance section of American Bar Assn. here that there is a wealth of information as to the securities in which life companies invest and this information is available to and may be studied by all interested parties who care to take the trouble to go to the insurance departments.

Mr. Allyn also defended private sales of bond issues to life companies, pointing out that the method of purchasing securities has no direct bearing on their worth.

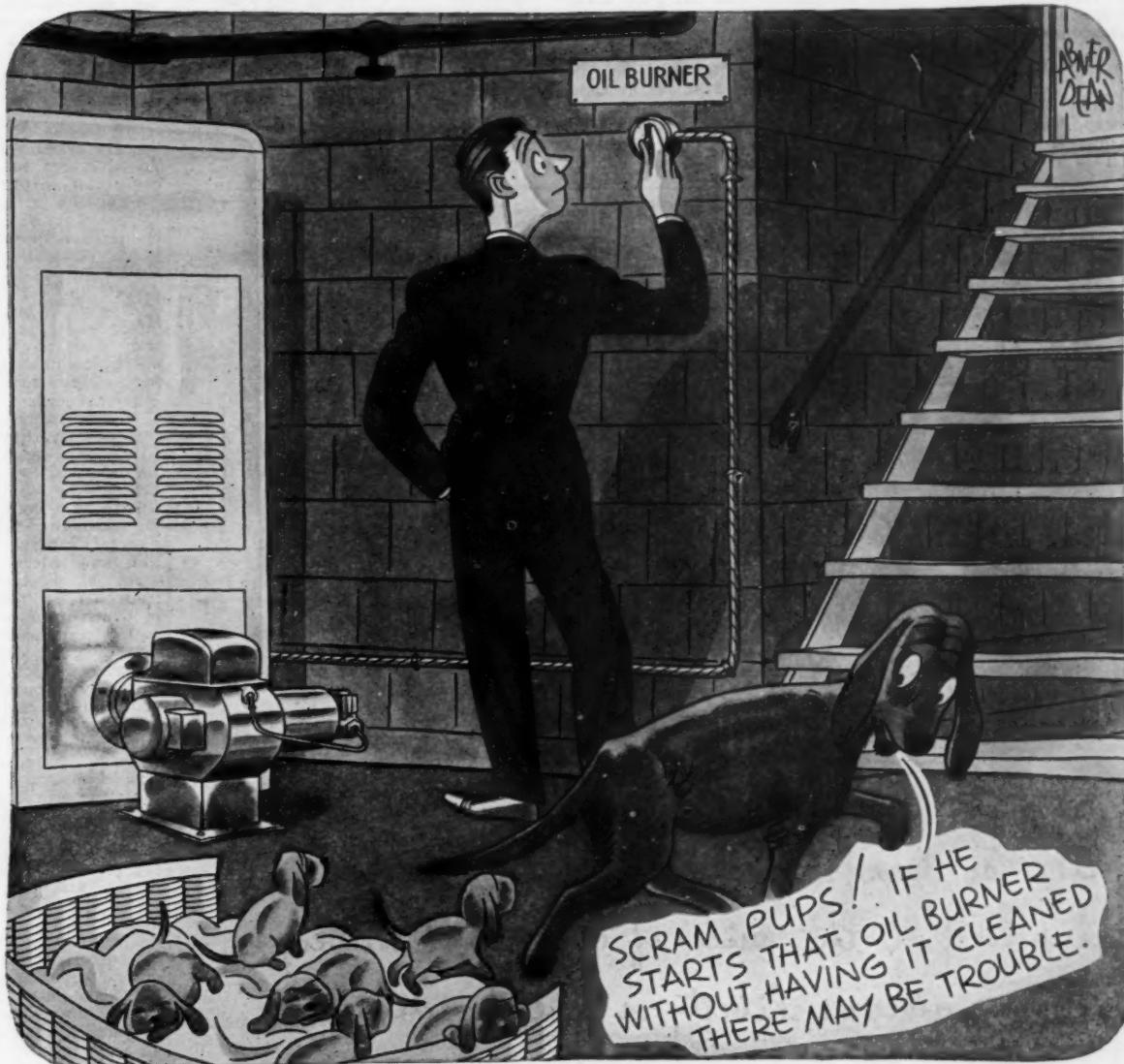
Treats PL 15 Question

Robert S. Morris of Chicago in a paper on "Meaning of Term 'Regulated by State Law' in Public Law 15" asserted that Congress redistributed state and federal power in PL 15 in a manner calculated to avoid conflicts in administration. Its purpose was to preserve state regulation and allow it the utmost possible freedom of action. Making the Sherman, Clayton and federal trade commission acts applicable to insurance after the moratorium manifested no intention to control thereby the policy of state law; it did evidence a concern that state and federal law meet at the outermost limits of state regulation in order that no activities go completely uncontrolled.

To give a casuistic interpretation to "regulated by state law" would frustrate this purpose, he said. To make effective the purpose implicit in the declaration, "continued regulation of the business of insurance by the states is in the public interest," the states should continue to seek ways to make their regulatory systems mesh. The coverage of state laws should be extended, if necessary, to the outermost limits of constitutional power in order to bring activities, now unregulated, under state control.

David S. Butler of the Lee C. Paul insurance agency at Wheeling, W. Va., former insurance commissioner of his state, in

(CONTINUED ON PAGE 14)



Your oil burner is equipped with many devices to make it safe but, like your automobile, it requires servicing from time to time. Dirty electrodes cause delayed spark and incomplete combustion. This may result in serious smoke damage to your home or even in a costly fire. Play safe. Have your oil burner completely checked before the heating season starts.

ÆTNA INSURANCE GROUP

AETNA INSURANCE COMPANY • THE WORLD FIRE AND MARINE INSURANCE CO.
PIEDMONT FIRE INSURANCE CO. • STANDARD INSURANCE CO. OF N. Y.
THE CENTURY INDEMNITY COMPANY
HARTFORD, CONNECTICUT



This advertisement also appears—in color—in TIME, NEWSWEEK, U. S. NEWS
and WORLD REPORT

W. Ross McCain, President

FOUNDED IN 1819, the Aetna Insurance Company takes its name from the famous volcano, which "though surrounded by flame and smoke is itself never consumed." From that day to this—through wars, conflagrations and depressions—no policyholder has ever suffered loss because of failure of an Aetna Company to meet its obligations.



Miller, Kingsbury Form Pa. Team

Fred A. Miller has been appointed by Royal-Liverpool as regional manager for its Pennsylvania operations, succeeding John F. Sprague who died recently. Edward H. Kingsbury has been named assistant regional manager for the territory.

Mr. Miller, a veteran of 27 years' service with the group, was employed originally at New York. He was transferred to Boston in 1934 as assistant to

the local manager. In 1939 he was appointed a special agent at Hartford, Conn., and later was made state agent there. In June of this year, he was transferred to Philadelphia as assistant regional manager.

Mr. Kingsbury, who has been assistant educational director for several years, is a graduate of Haverford College and was employed for many years with Maryland Casualty and Fidelity & Casualty before joining Royal-Liverpool.

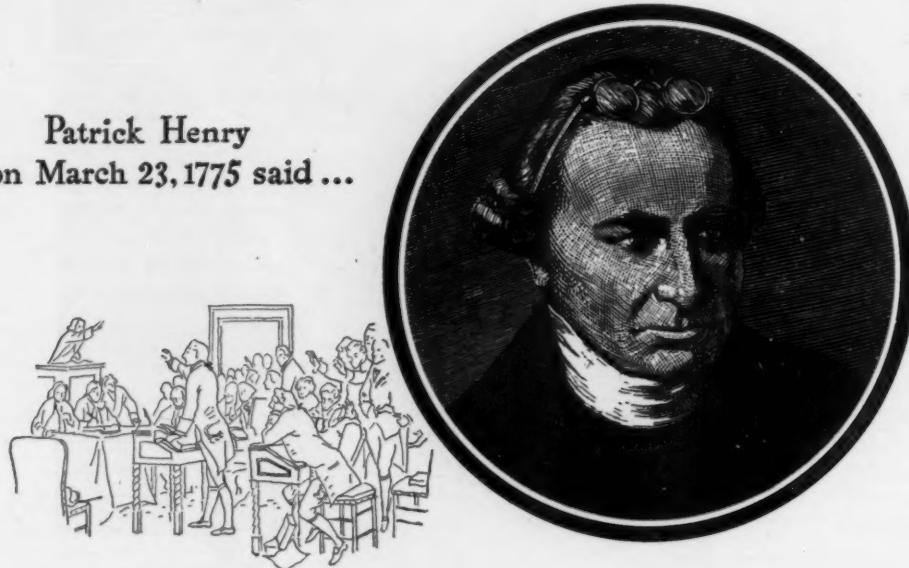
He was the first man in New York state to receive the C.P.C.U. designation and is a past president of the eastern C.P.C.U. chapter and is a past national

director of the organization. For three years he taught Parts I and II of the C.P.C.U. curriculum at New York. He has also taught insurance courses at the American Management Assn. and New York Credit Men's Assn. He is a member of the board of governors of Insurance Institute of America and of Casualty & Surety Club of New York.

Seton Hall Insurance Courses

The urban division of Seton Hall College at Newark has announced a series of insurance courses which will cover every phase of insurance.

Patrick Henry
on March 23, 1775 said ...



"Is life so dear, or peace so sweet as to be purchased at the price of chains and slavery — as for me, give me liberty or give me death!"

TODAY we hear more and more about the security, the "peace so sweet" of a planned economy . . . less and less about the old-fashioned initiative, inventiveness and hard work that created the American way of life.

In our striving for security and material well-being, we are in danger of bartering our individual liberties for the "chains and slavery" that are the price of a planned economy.

If our free economy is to endure, we must return to the fundamentals of self-reliance and individual initiative upon which it was built.



Fireman's Fund Group

FIRE • AUTOMOBILE • MARINE • CASUALTY • SURETY • FIDELITY

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Ponder the Many Impacts of Washington on Insurance Operations

WASHINGTON—The U. S. Chamber of Commerce insurance department was host at a luncheon to representatives of a number of insurance associations and interests, plus correspondents of the insurance trade press. A. L. Kirkpatrick, department manager, presided.

An exchange of views developed matters of interest to all those present, with respect to government activities concerning insurance:

First, as a regulator through the Department of Justice, federal trade commission, post-office with respect to use of the mails, and Treasury Department approval of the list of surety companies.

Also as a buyer or premium payer under purchase contracts through the war and navy departments, atomic energy commission, ECA, federal housing administration, and HOLC and other agencies.

Also as an underwriting competitor of the industry, through National Service Life, social security, federal crop insurance, and commodity credit corporation.

Also as a competitor in money lending through RFC, Commodity Credit, Federal National Mortgage Administration, and federal reserve banks.

As a regulator of currency and controller of the value of the dollar in which insurance deals, as Mr. Kirkpatrick expressed it, through devaluation of gold, deficit spending and inflation.

Finally through taxation of insurance companies, agents proceeds, pensions, annuities, etc., the latest example of which is the Treasury Department's "interim" proposal to freeze the ratio of life company reserves with relation to investment income at 92% for last year and this year, for income tax purposes.

The maritime commission would enter the picture as an insurer if legislation now proposed is enacted to authorize it to war risk insure and reinsurance in peacetime.

The above activities take no account of federal deposit insurance, unemployment compensation, and possibly other federal angles.

Opinions expressed at the luncheon appeared to favor the U. S. Chamber as a channel for inquiries and information respecting government activities touching the industry.

Safeway Stores Loss Less Than Originally Estimated

SAN FRANCISCO—The Safeway Stores warehouse and office building loss from fire that was at first estimated at \$3 million, according to a revised estimate by General Adjustment Bureau will run from \$450,000 to \$500,000 on building, covered specifically for \$870,000. Loss on equipment is \$200,000, covered specifically for \$235,000. Stock loss is estimated at 75% covered under a \$2,200,000 provisional policy.

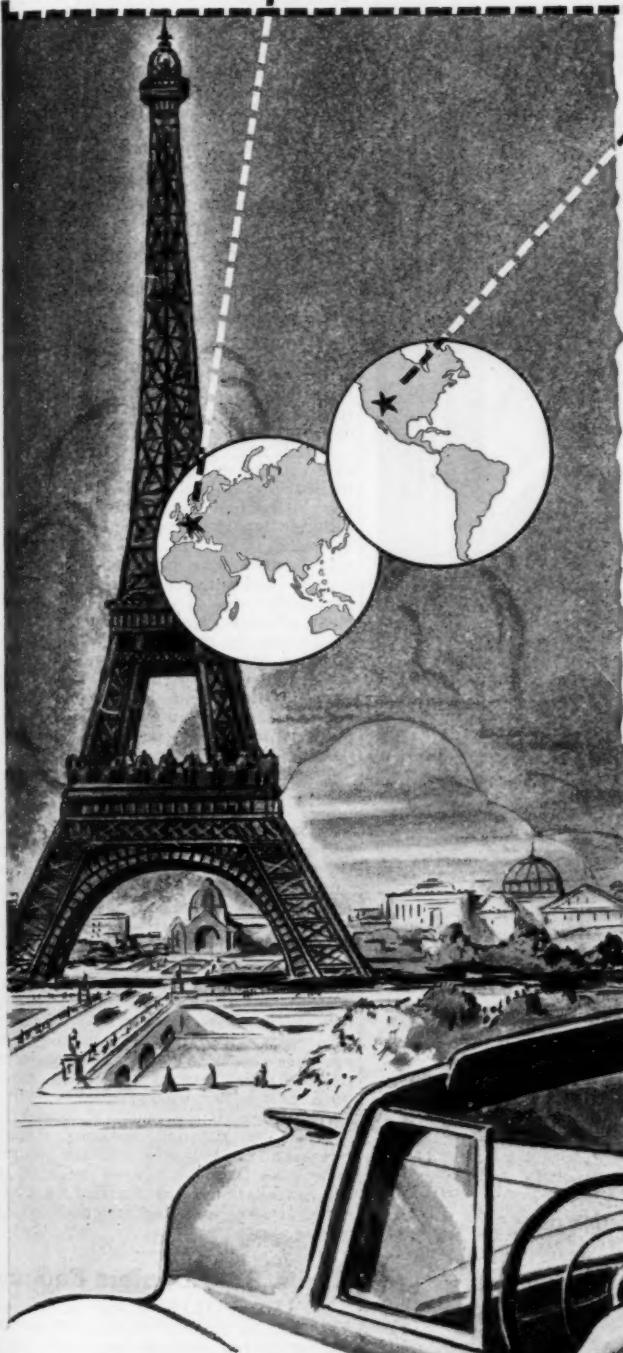
Adjusters Ken Withers and Ken Bolt are handling the stock and equipment loss and Adjuster William Ball the building loss for GAB. Salvage on the loss is in the hands of Underwriters Salvage Co.

Term Problem Discussed

ST. CLOUD, MINN.—Problems connected with the possible elimination of the term rule and the competition of installment payment of premiums on long term insurance were considered at the meeting here of Central Minnesota Insurance Agents Regional Assn. Competitive evils in the adjustment of automobile claims from finance and automobile dealer insurance connections also were considered.

F. L. Hartmann, Little Falls Insurance Agency, was elected president, and Jack Raymond of the John Verlin Agency, also of Little Falls, secretary.

**"WORLD TOURISTS"
TO THE FRENCH...BUT**



"CLIENTS" TO YOU!

A blissful American couple gaping at the Eiffel Tower . . . off for an extended holiday on the Continent. Their automobile and their appearance mark them quickly in the minds of the native French as "world tourists."

But to you, as an insurance agent in Hometown, U.S.A., these Americans and their hundreds of thousands of associates who are swarming over the interesting places of two hemispheres are—or should be—"clients."

Americans on-the-move are taking their automobiles with them these days—and need "American-made" insurance to cover them abroad. Through American Foreign Insurance Association you can provide it! They need personal accident insurance—by the year or by the trip. You can provide that, too.

Yes, the foreign-venturing tourists of your territory are a fruitful source of extra premium income. Why not check up on this market today? Write for full information on any risk!

AMERICAN FOREIGN INSURANCE ASSOCIATION
80 MAIDEN LANE • NEW YORK 7, NEW YORK



CHICAGO OFFICE: INSURANCE EXCHANGE BUILDING, 175 WEST JACKSON BLVD., CHICAGO 4, ILLINOIS
SAN FRANCISCO OFFICE: MILLS BUILDING, 220 MONTGOMERY STREET, SAN FRANCISCO 4, CALIFORNIA

COMPLETE INSURANCE COVERAGE IN FOREIGN LANDS

Non-Residents Now Licensed in Ariz.

Arizona, the only state that did not permit a non-resident agent or broker to receive commission on business written within the state, has now opened its gates as a result of recent legislation providing for the licensing of non-resident brokers.

Now, for a annual license fee of \$10 a non-resident may be licensed as a broker providing he has qualifications satis-

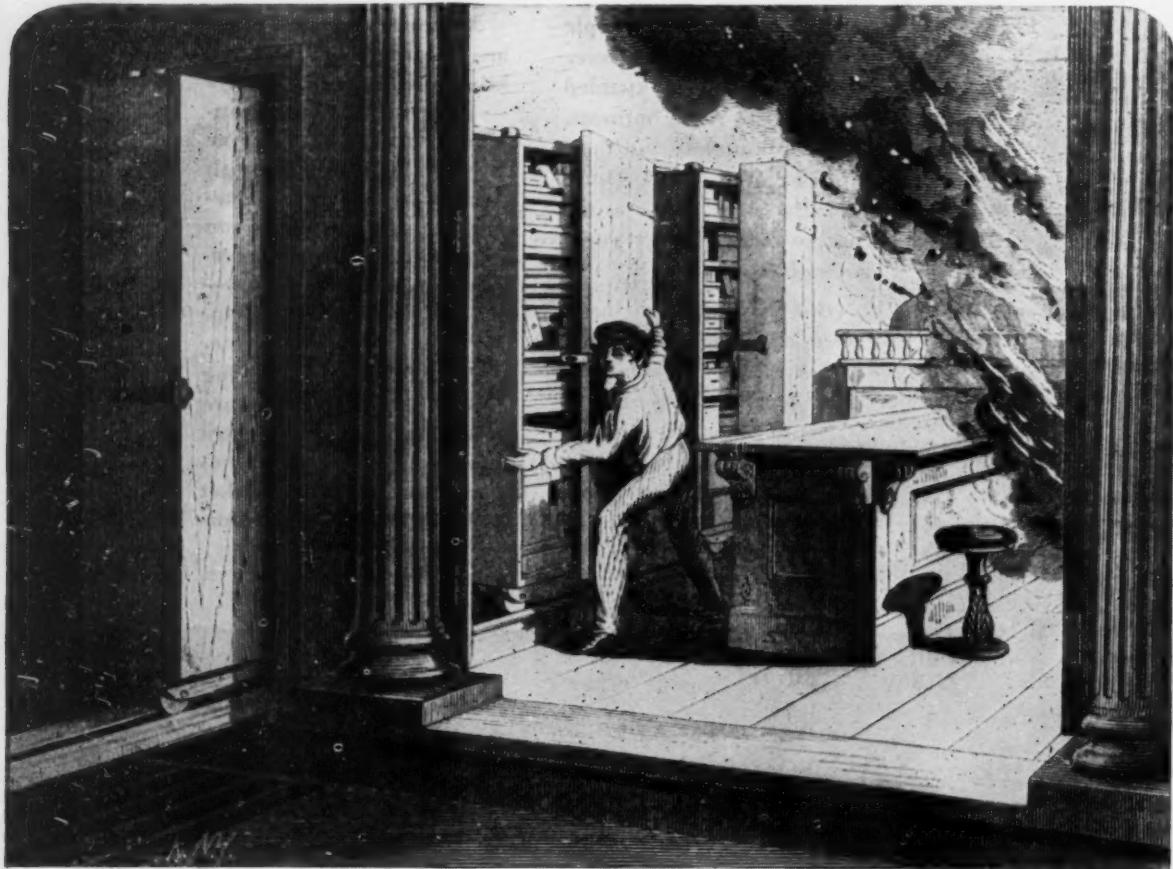
factory to the corporation commission, completes an application and an examination. A \$10 examination fee is also charged. This examination may be waived if the applicant is qualified in his home state or if the corporation commission is satisfied as to his competence. A corporate surety bond of \$1,000 is also required.

The law does not specifically prohibit a licensed non-resident to handle insurance on property or risks in Arizona owned by residents, nor enter the state to solicit or inspect.

It is necessary for the policies issued

to be countersigned although there is no specific requirement that the resident agent must issue the policy or collect the premium. Further the law does not describe who must countersign policies issued by or for non-resident brokers. There is no limitation as to sharing commissions between the countersigning agent and the non-resident brokers. The only reciprocal provision is as to examinations.

George K. Reeder has joined the Interstate Loan Co. of Caldwell, Kan. This is one of the oldest agencies there.



This "fire-proof" office equipment, patented about the time this company was founded 96 years ago, consisted of metal shelves, on wheels, which rolled out along fixed rails.

In those days, it appears, the office boy really earned his money.

PRINT FROM THE BETTMANN ARCHIVE

Despite great strides in fire prevention methods since operation of the office "railroad" pictured above, our country's fire losses have steadily increased. In 1948 alone, losses were 122% higher than in 1942! As insurance men, all of us must do everything possible to help prevent this waste — by working with local fire officials, by organizing community action.

Every Type of Property Insurance for Industry and the Home.

Agricultural
Insurance Company.
of Watertown N.Y.



Empire State
Insurance Company.
of Watertown N.Y.

National Union Mid-Year Report

Premiums written for the three companies in the National Union Fire group for the first six months increased \$1,024,860 or 7.1%. The premiums earned were \$1,173,102 or 11.6% increase. Underwriting results of the parent company produced a profit of \$725,418 before income taxes which compares with \$156,846 for the parallel period of 1947.

The premiums written for the parent company were \$11,581,669, earned premiums \$10,613,023, losses and loss expense incurred \$5,145,990, taxes incurred \$404,114, underwriting expenses \$4,337,499. There was a net gain in surplus of \$562,935, the figure now amounting to \$9,902,237.

Insurer Loses Florida Cancellation Decision

The Florida supreme court has held that a policy was not effectively canceled even though the insured had returned the policy to the insurer and the policy was received by the insurer several hours after a loss occurred, the case being *Palatine vs. Russ*.

On March 18, 1948, after considerable discussion about cancellation, Russ mailed the policy to Palatine without any instruction as to the date of cancellation would be made effective. About 2:30 a.m. March 19, one of Russ' trucks was burned. The policy reached Palatine by mail between five and six o'clock that morning. That same afternoon Russ advised Palatine by wire that the policy was in the mail for cancellation effective March 22, as per policy terms. Palatine was advised of the loss, but on March 22 sent Russ a refund of the unearned premium and notified him that the policy was canceled prior to the destruction of the truck.

Palatine contended that since it had made demand for surrender of the policy for cancellation, such a demand was tantamount to an offer to cancel and that it was accepted by Russ when the policy was placed in the mails. Palatine also contended that under the common law, when an acceptance by mail is authorized, it becomes effective immediately upon being deposited in the mail.

However, the supreme court stated that the policy provides how it may be canceled and the insured as well as the insurer is given a voice in this. The evidence shows that there was no intention on the insured's part to cancel until new cover was secured.

According to the court, the cases relied on by Palatine involved straight offers and acceptances and do not rule in a case like this where negotiations for cancellation were shuttled back and forth and no date for cancellation was agreed on.

Claim Auto Dealers Fudging

MINNEAPOLIS—Local agents are disturbed by reports reaching them that an agreement entered into with automobile dealers regarding the placing of auto insurance is not being lived up to as generally as desired. One report is that General Motors dealers have been notified not only to place all their personal and family car insurance business with Motors Insurance Co., but that they are expected to place 85% of the insurance on cars they sell with the company.

To forestall legislation at the last session the auto dealers agreed to let purchasers of cars buy their insurance where they wished if the insurers designated met certain specifications. However, there is no law to force them to do this and agents claim the dealers in many cases are not abiding by the agreement, although some are.

William H. Scott, formerly an underwriter for American Automobile, has been appointed secretary of the Aaron S. Freedman agency, Buffalo.

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Industry Scandal May Mean Federal Regulation: Downey

The future state regulation of insurance depends on whether the states perform a consistently good job and keep the industry free from scandal, Commissioner Downey of California warned in his address before Oregon Assn. of Insurance Agents at Portland. Mr. Downey cited numerous examples to prove his contention that the government has taken up regulation of other industries almost entirely because conditions within those industries were alarming to the public, either because the states had provided for no regulation at all, or the laws on the books were being enforced improperly. He recalled that if the "blue sky" laws of the various states had been adequately enforced in the 1920s, there would probably have been no securities exchange act.

Little Demand for Controls

There is little demand in the Congress for government control of insurance, Mr. Downey said. There is a small group agitating to this end, but their cry will not attract sufficient interest unless a scandal exists in the business. He observed that if the industry desires to remain under state supervision, it must improve the standards of that supervision.

A step in this direction was taken, he remarked, when the industry backed legislation in Massachusetts, Connecticut, New York, New Jersey and Pennsylvania, allowing the setting up of an adequate valuation of securities section of the National Assn. of Insurance Commissioners. Mr. Downey had several recommendations as to how state supervision might be improved. He urged that financial standards for insurance companies be reappraised and increased where found wanting. Many states have statutes providing for minimum capital and surplus requirements that are insufficient in the light of present conditions. An adequate minimum capital of 15 years ago is not adequate today under a debased currency. Mr. Downey warned that if the laws are not changed, with the downturn of the economic cycle there will be a scandal similar to that surrounding state banking in the 1930s, which came about in large measure due to inadequate financing of banks, particularly those operating under state charters from states maintaining lax banking laws.

Asks Stiffer Examinations

He urged that the examination function of the states be strengthened, and recommended the merit system as the only means by which every state might be assured of good examiners. This involves a civil service arrangement which is to be preferred over a system which gives an examiner a job on the basis of whether he is a deserving Democrat or a staunch Republican, he said.

The industry must see to it that the insurance departments are provided with

proper technical help. The merit system should apply to all the subordinate positions in a department, Mr. Downey said, always providing that the civil service laws give the appointing authority sufficient power so that a sound day's work and proper conduct can be required.

He also urged that reinsurance laws be enacted to keep the use of reinsurance on a sound basis and forbid the use of doubtful reinsurance "for the purpose of dressing up financial statements."

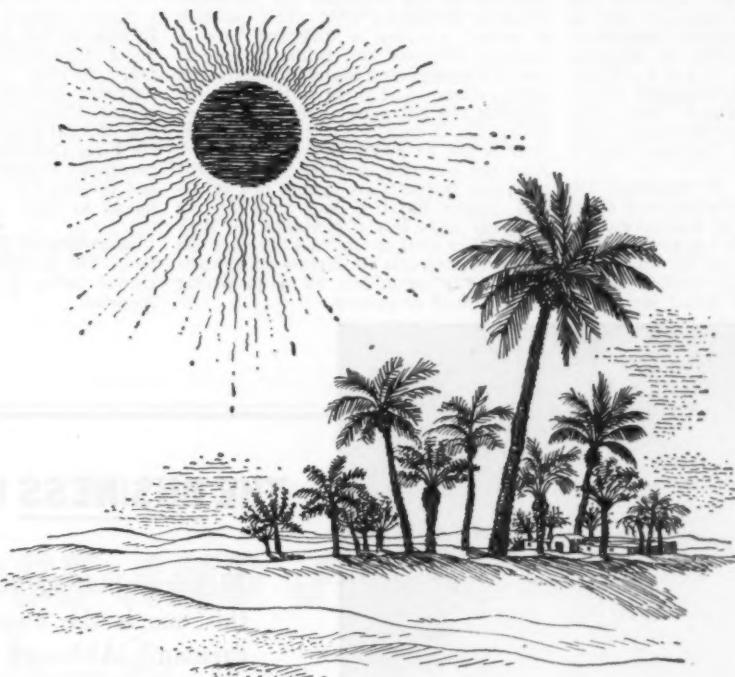
The industry must insist that insurance laws are properly administered, and should aid in studying the laws with

a view to keeping them up to date. He admonished the industry to see that states abolish restrictive and retaliatory laws, noting that legislation favoring special interests can only eventually create public indignation.

Proper and fair qualification laws should be enacted and enforced to raise the standard of insurance sales. It is essential that laws require that a man be of good character to engage in selling insurance. Mr. Downey warned against regulations designed to limit the number of agents, brokers, or other salesmen, warning that they strike at the heart of the

competitive system. He declared that agents and brokers are the best qualified groups to insist upon and obtain sound regulation of insurance. The agents can make themselves heard in state legislative halls because collectively they know all of the legislators.

The Workman, Jordan & King agency, Jacksonville, Fla., has appointed John E. Graham manager of its insurance department. He is a war veteran and has been in insurance since 1946.



The Sun Never Sets

The Glens Falls Group offers to its agents the facilities for writing every major form of fire and casualty insurance. In addition, risks are accepted in all parts of the world through membership in the American Foreign Insurance Association, the Associated Aviation Underwriters and the Marine Office of America.

*The sun never sets on the insurance activities
of the Glens Falls and Commerce*



COMMERCE INSURANCE CO.

WANT ADS

WILL BUY

Desirable Chicago insurance business at full value. Address V-3, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

COOK COUNTY SPECIAL AGENT WANTED

A growing Chicago General Agency wants a Cook County Special Agent with a following among Building and Loan Associations, Mortgage Bankers, Real Estate and Insurance Brokers. An excellent opportunity to become associated with this Agency. All replies will be confidential. Address V-74, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

MODERN MANAGEMENT TEMPERED BY TIME

Eye Welfare Programs

NEW YORK—Among the subjects on the program of the conference of the personnel division of American Management Assn. here Sept. 26-28 are welfare plans and state disability laws. A panel on pensions under Chairman John S. Bugas of Ford Motor Co. will discuss possible effects of a decline in company revenue on financing welfare plans and the possible ways of meeting such contingencies; should welfare benefits be financed by the company or the government; will they be limited to industries fortunate enough to be able to afford them; should plans be contributory or non-contributory; and how can the company welfare program best be tied in to state and federal legislation? On this panel are Philip D. Bradley, consulting economist, Cambridge, Mass.; W. G. Caples, manager of industrial relations, Inland Steel Co.; Harry Kranz, New Jersey State CIO Council, and Murray Latimer, economist, Washington.

Richard E. Chislet, II, Standard Oil of New Jersey, will discuss the effect of state disability laws on company operated plans. There will be a discussion on the practical effects of state disability laws on employer companies and the coming pattern of social insurance.

Negro Risk Handling Probed in Mich. Inquiry

Commissioner Forbes of Michigan has sent a questionnaire to insurance companies concerning their underwriting practices on Negro risks. This is an outgrowth of an issue that was raised during the recent session of the Michigan legislature. Gov. Williams appointed an insurance study committee to investigate allegations that wide-spread discrimination exists against Negroes and other minority groups.

The first question is whether the company insures Negro risks and if the answer is in the negative the company is asked to explain why. The question is asked whether a different rate is charged Negroes and if the answer is yes the insurer is requested to give an explanation. And there is the question whether the company issues a different policy for Negro risks and if the answer is yes an explanation is requested. Also the question is asked whether the company instructs its agents not to solicit Negro business and whether the company pays less commission on such risks. The final question is whether the company instructs its Negro policyholders to pay premiums at a particular branch office or agency.

E. H. Lamond Fireman's Fund Loss Head in West

Everett H. Lamond has been named loss manager in the western department of Fireman's Fund, relieving Ray Hardig, who becomes chief adjuster.

With the exception of four years in underwriting, Mr. Lamond's entire career has been in loss work, having served as a member of the Loss Executives Assn. for 13 years and also on the advisory committee of General Adjustment Bureau.

Name Changes Effected

Name changes have now been officially adopted for the companies constituting a Minneapolis group known as Mutual Service Cooperative. American Farmers Mutual Automobile now becomes Mutual Service Casualty. Central Mutual Fire becomes Mutual Service Fire, Cooperative Insurance Service becomes Mutual Service Cooperative and the name of Mutual Service Life remains as is.

Marathon of Dallas has entered California for automobile lines, the agent of record being J. S. Anderson of Los Angeles.

Vt. Annual Card Ready

Richard E. Farrer, educational director of National Assn. of Insurance Agents; R. C. Larson, field supervisor of Aetna Casualty, and L. J. Ackerman, dean of the business school of the University of Connecticut, will highlight the speaking program for the annual meeting of Vermont Assn. of Insurance Agents Sept. 12 at Basin Harbor.

The morning will be given over to an agents forum and discussion of current events, followed by election of officers and committee reports. The speakers will appear in the afternoon and in the evening there will be a reception given by the companies and company representatives. The meeting will conclude with a banquet at the Basin Harbor Club.

A.M.A. Conferences Set

The insurance division of American Management Assn. will hold its annual conference Dec. 15-16 at the Drake hotel, Chicago. The spring meeting will be at the Hotel Statler, New York, May 22-24, 1950. In the annual report of the association, just released, it is stated that management is focusing its attention on certain specific objectives, including "adjusting insurance coverages in the light of changing taxes, profits, policy provisions and values, with special attention to employee benefits."

Subjects for FTC Probe

At the federal trade commission conference Sept. 15 to eliminate deceptive packing and similar practices in the sale and financing of autos, one item to be considered will be disclosure to the retail buyer in the sales contract of material facts concerning insurance, failure of delivery to buyer of insurance policy or certificate, failure to give adequate notice of cancellation.

Orange County Adjusters Organize

Adjusters of Orange county, Cal., have formed Orange County Adjusters Assn. with 18 charter members. Officers are: President, Jerry McLaughlin, manager of Barr Adjustment at Santa Ana; vice-president, Howard Timmons, claims manager of Orange County Auto Club, and secretary-treasurer, Elmer L. Barr, Jr., Barr Adjustment.

A membership of approximately 40 is expected within 30 days. The group will hold meetings the last Thursday of each month.

STOCKS

By H. W. Cornelius, Bacon, Whipple & Co., 135 So. LaSalle St., Chicago
Sept. 5, 1949

	Div.	Bld	Asked
Aetna Casualty	3.00	84	88
Aetna Fire	2.00*	55 1/2	56 1/2
Aetna Life	2.50*	60	62
American Alliance	1.10*	23	24
American Auto	1.60	45 1/2	Bid
American Casualty	.50	13 1/2	14 1/2
American (N. J.)	.90	19	20
American Surety	2.50	59	61
Boston	2.40	65	67
Camden Fire	1.00	21	22
Continental Casualty	2.00	57 1/2	58 1/2
Fire Association	2.50	65	67
Fireman's Fund	2.60	83	85
Firemen's (N. J.)	.50	17 1/2	18 1/2
Glens Falls	2.00*	50	53
Globe & Republic	.50	10 1/2	11 1/2
Great Amer. Fire	1.30*	34	35
Hartford Fire	2.50*	132	134
Hanover Fire	1.40	34	35
Ins. Co. of North Am.	3.50*	110	112
Maryland Casualty	.50	15 1/2	16 1/2
Mass. Bonding	1.60	28 1/2	29 1/2
MERCHANTS FIRE, N. Y.	1.15*	30	31
National Casualty	1.45*	28	29
National Fire	2.00	56	58
New Amsterdam Cas.	1.20	35	36
New Hampshire	2.00	43	44 1/2
North River	1.20*	26	27
Ohio Casualty	1.20	53	Bid
Phoenix, Conn.	2.00*	85	87
Preferred Accident		4 1/4	4 1/2
Prov. Wash.	1.40*	34	35
St. Paul F. & M.	2.25*	89	91
Security, Conn.	1.40	34 1/2	35 1/2
Springfield F. & M.	1.90	45 1/2	46 1/2
Standard Accident	1.45	34 1/2	35 1/2
Travelers	22.00*	725	735
U. S. F. & G.	2.00*	55	56
U. S. Fire	2.00	62	63 1/2

*Includes extras.

The farm position decision

"In



THE BUSINESS OF FIRE!

Fighting blazing infernos like this one is the *business* of the fireman. Although such dangers are a regular part of his life, his casualty rate is surprisingly low. The point is he calculates his risks and takes precautions.

But every day thousands of people, policy holders and prospective clients, take chances with fire unknowingly. Since they are not even aware of the dangers they face, they cannot take precautions.

Pearl American believes the agent in his daily contact with owners can perform an outstanding public service by using his practical knowledge of fire prevention to reduce the burning rate of our country's property.

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HOME OFFICE: 19 RECTOR STREET, NEW YORK 6, N. Y.

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PHILADELPHIA, 525 Chestnut St.

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NEW YORK, 26 Cliff St.

CINCINNATI, 1423-24 Carew Tower
CHICAGO, 175 W. Jackson Blvd.

XUM

Total Insured Loss in Fla. May Be \$10 Million

The latest estimate on the number of losses as a result of the Florida hurricane is that there may be somewhat fewer than the 25,000 originally indicated, but that the total insured loss in Florida alone may run as high as \$10 million. There were many substantial losses in the Palm Beach, West Palm Beach sector.

The good weather that followed the storm will, loss men believe, tend to hold down the size of individual losses. After the 1947 blow there were several days of heavy rain and for two months there were only about 10 clear days. This built up interior damage. Insured could not get buildings protected.

There are no U. & O. claims reported on Palm Beach hotels; the storm did not put them out of operation to any

great extent, considering that the season does not open for another three months. The roof of a hotel at Winterhaven blew off and caused \$15,000 to \$20,000 loss. The Florida Power & Light substation at Arcadia, Fla., burned during the storm. The \$500,000 loss was total.

Losses are being reported slowly, adjusters say. One reason is that a lot of insured are away at this time of year.

Insurers will lose heavily on the planes, practically all non-commercial, that were damaged or destroyed at the West Palm Beach airport. These losses are scattered through the aviation insurance market. One pool reports a \$3,000 loss; another \$325,000 on damage to 16 planes.

Mutual Los Research Bureau opened a supervisory office at Pennsylvania Hotel, West Palm Beach. A corps of experienced adjusters is on the ground and every member company loss reported has been visited in the most severely damaged area being Broward, Martin, Palm Beach and St. Lucie counties.

Although the storm was narrower in width and restricted in area, it was of higher intensity than in 1947. It is believed both volume of losses and amount per loss, although at first thought to be

much greater, will compare with two years ago.

There are a number of large losses but except in isolated cases practically no water damage. Daily sunshine since the storm has saved thousands of dollars of property loss. It is evident many policyholders understand the deductible clause and realizing the loss does not exceed it, are making no claim. The attitude of policyholders generally is fair and reasonable and thus far few highly exorbitant claims were presented. The orderly manner, speed on the scene and uniform adjustment procedure evidenced the value of the catastrophe plan of the National Board and mutual organization to the public, agents, adjusters and fire insurance business.

White Galveston Head

General Adjustment Bureau has appointed Paul R. White of Harlingen as manager at Galveston, to replace W. J. Pickthall, resigned.

Mr. White joined G.A.B. at Houston in 1941. He subsequently served as manager at Port Arthur. Upon his discharge from military service, he was assigned to Little Rock and then to Harlingen.

Installment Plan of S.E.U.A. Is OK'd in Four States

The S.E.U.A. term premium installment payment plan has been approved in Georgia, Alabama, North and South Carolina, and was the subject of a hearing at New Orleans last Friday. In deference to the wishes of Commissioner Larson, who desires to learn the attitude of agents at the N.A.I.A. convention at Chicago, it has not yet been filed in Florida.

The Georgia plan is what is known as the 100-80-80 scheme, the full annual premium being payable the first year and 80% of that for the next two years under the three-year plan and 80% for four years under the five year contract. This is derived by multiplying the one-year rate by 2.6 for the three year plan and by 4.2 for five years.

In Alabama, North Carolina, and South Carolina the plan is the 100-78-78 pattern, the multiple for the three year term being 2.56 and for the five year term 4.12.

Georgia Inspection & Rating Bureau in notifying companies and agents stated this premium payment plan has been filed with the Georgia department on behalf of such of the member and subscribing companies as may wish to use it, and has the department's approval. Since many companies already have in use some form of premium payment plan it was necessary that the filing be on an optional basis. In view of the confusion that might exist it would seem advisable for agents to consult the companies in their office before making use of the plan.

Where a company already has in use a premium payment plan and it is their desire to avail themselves of the plan as outlined above, they should address the Georgia department direct, with copy to Georgia Inspection & Rating Bureau, and formally withdraw previous filing.

The Louisiana hearing was conducted by Mr. Kirchem, head of the fire rating division. Numerous local agents voiced opposition to the installment plan while representatives of North America and General of Seattle advocated it. Mr. Kirchem took the matter under advisement.

Hanover Names Morrell in Western Pa. Field

Hanover Fire has named Clifford W. Morrell as state agent in western Pennsylvania. Mr. Morrell has had many years of experience in the business, having been associated with the rating division of Middle Department Assn. of Fire Underwriters for 17 years; since then he has been engaged in field work, most recently with Employers Fire.

Mr. Morrell will make his headquarters in the investment building, Pittsburgh.

Name Chicago Nominators

Surety Assn. of Chicago at its first fall meeting Tuesday named as nominating committee A. A. Korte, Fidelity & Casualty; Helgar Carlson, Aetna Casualty, and Julian Neale, Fidelity & Deposit. They will report at the October luncheon and the election will take place at the annual dinner meeting in November.

Murray to New Post

American has appointed Archibald Murray supervisor of the underwriting and service divisions of the marine, burglary and miscellaneous lines department at the home office. He entered the business in 1935 and joined American in 1947.

American Fidelity Fire has applied for admission to California.

YOU BE THE JUDGE AND JURY!



The farmer is putting you in the position of judge and he wants a decision when he says —

"In order to work separated tracts of land I have to drive my unregistered tractor and hay rake over a state highway. My hay rake extends over the center of the road. While traveling this route I meet an oncoming automobile which runs off the road and is damaged while trying to avoid my hay rake. Would my Farmer's Comprehensive Personal Liability policy cover me?"

Could you answer the question?

Put yourself on trial. What are you doing about the farmers in your vicinity? Surely the farmer, who faces as many hazards as any other individual, is entitled to know about the protection he can secure for his family and himself. You lose much if you overlook this big group of prospective customers—customers the Royal-Liverpool Group stands ready to assist its agents in reaching.

Answer to the quoted question is contained in the Group's current issue of "True or False." Your copy is available on request to our Advertising Department.

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Complete Plans for N. J. Convention

The main features of the annual convention of New Jersey Assn. of Insurance Agents in Atlantic City Sept. 15-16 have been about completed. The first executive session, which is for members only, will start at 11 a.m., Sept. 15. At noon Camden Fire will be hosts at a "cowtail" party, which is distinguished by the serving of milk, sandwiches and other elements of a light lunch.

At the afternoon executive session, which starts at 1:30, Charles P. Butler, National Assn. of Insurance Agents, will speak, and President J. Clarence Madera, Camden, will give his annual report. The election will follow.

Governor Will Speak

That evening there will be a cocktail party followed by a dinner dance and a talk by Gov. Driscoll of New Jersey, and entertainment.

Friday's sessions will start at 9:30 with an educational forum. The first part will deal with sidelines that can be sold, including U. & O. and rents insurance, speaker open; comprehensive liability, Matthew A. Rieder, special agent Century Indemnity for New Jersey.

sey, Newark; jewelry, furs and personal property floaters, Woolsey M. Wheeler, marine special agent of Home, Newark; and personal accident and health, speaker open.

The second part will deal with competition with finance companies for auto business. C. R. Carlson, assistant secretary of American, is the leader of this discussion, assisted by Willard Parker of the Schive, Wright Exton agency, Clinton, N. J., and a representative of a bank. The third part will deal with education and the agent by Richard E. Farrer, director of education and research of the National Association.

The fourth phase of the educational conference will treat New Jersey's own state program with Russell E. Stevens, Newark, educational director of the association, leading off. How one county conducted a successful program will be discussed by S. C. W. Ackerman, Trenton, chairman of the educational committee of the Mercer county association. Mr. Farrer will talk on what the N.A.I.A. and C.P.C.U. programs have to offer. This will be followed by a luncheon and a speaker yet to be announced.

The Automobile Claims Assn. of New York will hold its first fall meeting Sept. 8.

Top Flight Speakers Listed for Kansas Agents' Meeting

Top flight speakers on the program of the annual meeting of Kansas Assn. of Insurance Agents at Topeka Oct. 19-21 have been announced, including O. Shaw Johnson, vice-president of N.A.I.A.; Roy A. Duffus, president of New York State Assn. of Insurance Agents; James C. O'Connor, editor of F. C. & S. Bulletins of THE NATIONAL UNDERWRITER; Edwin B. Moran, manager central division National Assn. of Credit Men; H. W. Casler, manager marine department of American, Rockford; Walter G. Dithmer, field supervisor Western Underwriters Assn.; E. H. Westwick, field representative Assn. of Casualty & Surety Companies, and Commissioner Sullivan of Kansas. Headquarters hotel is the Jayhawk.

President George F. Bacon, Eldorado, has appointed his nominating committee, headed by Webb Woodward, Topeka, a past president. Vice-president Kenneth Ross of Ross & Co., Arkansas City, will become president under the new by-laws. The program and details were approved by the executive committee at a meeting at Topeka.

There will be reunion of past presidents at the convention, which will feature

BULLETIN

William E. Newcomb has been elected vice-president of the Great American group fire companies and will be in charge of the western department at Chicago, succeeding the late Samuel M. Buck.

Roger D. Billings was elected secretary and will assist him in association with Secretary Earl R. Sanborn.

ture a past presidents dinner the night of Oct. 19. There have been 24 presidents of the Kansas association and all are living except Elmer Reese, Wichita; Glenn Charlton, Lawrence; Rosse Case, Marion, and Duane T. Stover, Wichita. Laurin W. Jones, Dodge City; Charles K. Foote, Wichita; C. G. Blakey, Jr., Topeka, and Mr. Charlton each served two terms.

The Western companies of Fort Scott will be hosts at a "stag" buffet supper the opening evening, following the golf tournament. President Ray B. Duboc and Secretary E. C. Gordon are expected to head the company contingent.

Gregg Returns to Phila.

Dr. David W. Gregg, who became assistant professor of insurance at Ohio State University a year ago, has resigned and will return to Philadelphia to become assistant dean of American College of Life Underwriters. Three Columbus insurance men will carry on his work at the university the coming year. They are: Fritz A. Lichtenberg, Jr., Massachusetts Mutual, life insurance; Stanley W. Schellenger, Buckeye Union Casualty, casualty insurance; Edward B. Hatch, Jr., Lauterbach & Elsner agency, fire and inland marine insurance.

The graduate level work in insurance will be conducted by Dr. Edison L. Bowers, chairman of the department of economics, in the life and social insurance areas, and by Prof. J. Wayne Ley, assistant dean of the college, in the casualty and fire insurance fields.

To Pay for Flight Deaths

Relatives of three of the prominent American newspapermen killed recently when a KLM plane crashed at Bombay, India, are being paid a total of \$26,000 under ordinary accident insurance policies in Travelers.

It was at first thought that the wrecked plane had been chartered for a special foreign flight, not within the terms of regular accident policies. But it developed that the plane was licensed for and was on an approved alternate route from Indonesia.

Appeal Brief Raps Downey

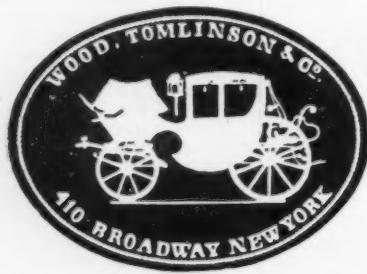
LOS ANGELES—In reply to briefs filed on behalf of Commissioner Downey by the attorney general, in appealing from the decision of Superior Judge Fox annulling the commissioner's order suspending the license of National Automobile & Casualty, of authority, Attorneys Loyd Wright and Neil Cunningham declare that statements of the commissioner are erroneous and misleading, that the department and the commissioner were "unfair and arrogant in their bureaucratic, dictatorial and autocratic administration of the law in the hearing before that department."

The brief contends that the commissioner lost jurisdiction to hear the charges contained in the order to show cause on and after Sept. 15 and that in the course of the proceedings he made "other errors of procedure," that there was a prejudicial abuse of discretion, and that the commissioner did not proceed in the manner required by law.

Lloyds on Cleveland Loss

London Lloyds had the liability coverage on the National Air Races meet at Cleveland in which William Odom, flyer, and a mother and child were killed.

The regional office of Allstate at Seattle is moving to 1610 Sixth avenue.



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Should the Insurance "Store" Advertise Its Brand-Names?

We pretty well expect the retail merchant to advertise the brand-names behind his products.

In that way he gets for his store the benefits of "name"-acceptance and lower sales-resistance from his customers, and the advantages of a guarantee of quality from his manufacturers.



THE INSURANCE AGENT IS A GOOD MAN TO KNOW.



Fireman's Fund "Adopts" Cable Car



By way of lending financial assistance toward the continuation of the famed and venerable California Street cable railroad of San Francisco, Fireman's Fund "adopted" one of the cars and this picture was taken at the christening services in front of the head office building of Fireman's Fund at 401 California street.

At the left is Maynard Garrison, executive vice-president of Fireman's Fund, and at the right is Edward V. Mills, vice-president and controller. Other San Francisco firms are expected to sponsor a cable car as their own and help to keep these antique but useful cars in operation.

Opens Peoria Branch

The establishment of a complete branch office underwriting and claims office at Peoria, is announced by Auto-Owners. The address is 604½ Main street. K. B. Love, with Auto-Owners since 1929, will be general manager with underwriting under the supervision of Howard Lewis and claims under the supervision of A. E. Means. Working out of the office as fieldmen will be H. M. Tanner and N. W. Schaeffer.

The present Chicago office in the

Insurance Exchange building will continue as a claim office for the time being.

Beginners Course at Oakland

Oakland Assn. of Insurance Agents is launching the beginners course of N.A.I.A. starting Oct. 19 with the indoctrination section.

Classes will be held each Wednesday afternoon at the Merritt Business School. George Crist, chairman of the association's educational committee, is in charge of arrangements.



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Robs me of that which not enriches him,
And makes me poor indeed."*

Shakespeare said it, and we believe he would have made an outstanding insurance agent. For in insurance the value of a good name cannot be overestimated. There is no easy way to acquire a good name. No amount of money can buy the confidence and good will it inspires. A good name can be earned only by years of consistently sound service and prompt payment of all just claims. In view of Hanover's and Fulton's outstanding record we feel that the Bard of Avon would be the first to pardon us for pointing with pride to our own good name.



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Employers Group Sets Up Western Dept. at Chicago

Employers group has established a western department office at Chicago which will be managed by William A. Eakin.

The western department will continue to occupy the offices in the Insurance Exchange building and will include all departments formerly included in the Illinois and middle west departments there, as well as the Wheeler - Kelly - Hagny general agency of Wichita.

All present offices in the territory will remain intact with complete service facilities, but will report directly to the western department rather than to the home office at Boston. This applies

to offices in Cedar Rapids, Kansas City and Springfield, Ill.

In addition to Mr. Eakin, who will be western department manager, the western department management team will be comprised of Wendell A. Simonson, underwriting manager; Robert L. Haskell, claims manager; Jay E. Farr, engineering manager; Philip F. Dwyer, production manager, and Ernest M. Melby, accounts manager.

Mr. Eakin is a native Chicagoan who has spent all of his business life in insurance agency and company work. He started with Employers in 1936 as special agent and then went to the home office in educational work. He then became chief underwriter at Chicago and then assistant resident manager of the Illinois department. Recently he has been regional superintendent at Chicago for Employers group.

Up Through the Ranks

Mr. Simonson attended University of Pennsylvania and spent his entire business life with Employers group. He was for five years in the compensation and liability department at the home office and then was chief underwriter in Milwaukee for three years. Following three years in the navy, Mr. Simonson returned to Employers and was as-

signed to Chicago as assistant resident manager of the Illinois department.

Mr. Farr has been with Employers group for 17 years as an engineer. He graduated in electrical engineering from Purdue and is a registered professional engineer in the state of Illinois. He was for a time with a consulting engineering firm in Chicago. For the past 12 years he has been district supervisor of engineering at Chicago. He is a veteran of the first world war.

Mr. Melby started with Employers 13 years ago at the home office and was there for three years. He then went to Providence as cashier. When he returned from 4½ years in the army, he was made cashier and office manager at Providence.

Mr. Haskell has been with the Employers group for many years. He attended University of Nebraska and served in the first war and then joined Employers group in claims work at the home office. He was for a long period claims superintendent at Milwaukee and in 1941 transferred to Chicago as resident manager of the Illinois department.

Mr. Dwyer was insurance manager and wholesale sales manager for Nash Motors in New England when he joined Employers as a trainee in the home office in 1942. He then became special agent in western Massachusetts. He served in the army and upon his return entered the Connecticut department as special agent for Employers group. He was transferred to Chicago in 1947 as agency supervisor for the Illinois department.

ONLY A DROP IN THE BUCKET



Only a drop in the bucket applies to many insurance policyholders all too frequently. In some cases, it means not enough fire insurance on dwellings or contents. In others, it means inadequate limits on liability policies. Again, it can be too small an amount of weekly indemnity under a personal accident policy or insufficient amounts on a fidelity bond.

The amount of insurance that many people carry is really a drop in the bucket. You as an agent will render a real public service if you impress this fact upon your clients and show them the need for adequate protection.

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U. S. Tort Claims Act Important in Aviation Cases

ST. LOUIS—Richard S. Maurer, secretary and general counsel of Chicago & Southern Airlines, gave a paper on "Aviation Negligence Law from the Viewpoint of the Airline Counsel" at the meeting of the insurance section of American Bar Assn. here. He said that one of the most interesting developments, and one that is of even greater significance to the insurers than to the airlines, has been under the federal tort claims act of 1946. This removes the

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previous bar to tort suits against the government.

The big question that has not yet been resolved by the U. S. Supreme Court is whether the insurer as subrogee to the injured party's right, may bring an action against the government in its own behalf. The speaker expressed the belief that the supreme court will uphold the subrogee's right to sue.

The aid of such a holding to an insurer is apparent in situations such as the collision between a navy fighter plane and an Eastern Airlines' plane over New Jersey on July 30; ground damage by military aircraft to installations such as buildings, power lines and the like.

Actions of Government Employees

In suits against the government for actions of employees of the civil aeronautics administration, the plaintiff will have to meet and answer an initial factual question as to whether the government employee involved was carrying out his duties with due care. Only when this hurdle has been cleared will the court proceed to consider whether the negligence of the particular employee was the proximate cause of the accident or injury. The outcome of this type of litigation is important to insurers and airlines as it may indicate a possible avenue for recovery of hull and liability losses sustained in airplane accidents. There is an important case whereunder the widow of a passenger killed in the crash of a United Airlines DC-6 at Mt. Carmel, Pa., in 1948, has filed suit against the U. S. and civil aeronautics administration contending the government was negligent in approving the particular aircraft model for commercial flying and so is subject to suit under the federal tort claims act.

Mr. Maurer gave a discussion of the law of aviation negligence and contended that the court should be reluctant to apply the doctrine of res ipsa loquitur in airline negligence cases. There is more than casual doubt as to whether any particular airplane accident does or does not occur in the ordinary course of events without negligence upon the part of those in control. Also the frequently

repeated assertion that all physical evidence is demolished in an airplane crashed is emphatically denied by technical experts and by the more probative test of actual operating experience.

The plaintiff has a tremendous advantage in aviation litigation, he said, through the fact that the federal government makes an extensive public investigation of the cause of all accidents. This constitutes a tool for the trial attorney without parallel in other fields of negligence litigation.

Road Grader Under Tow Is Held to Be Auto

A road grader being towed or carried by an automobile comes within the definition of an automobile and hence the automobile insurer is exclusively liable and the general liability insurer has no responsibility to contribute to the loss, according to the Missouri supreme court in Central Surety vs. New Amsterdam Casualty and Employers Mutual Liability.

Central Surety was the automobile insurer of Bowen Construction Co. and New Amsterdam and Employers Mutual were the general liability insurers.

Clara Ross got a judgment of \$4,400 against Bowen Construction Co. The accident occurred while the road grader was chained to the rear end of a semi-trailer which in turn was being hauled by a tractor. There were no lights on the grader. The general liability insurers did not cover automobiles while away from the premises or the ways immediately joining.

The court held that the policies of the general liability insurers do not cover an automobile or any vehicle attached to it such as a road grader. The exclusion in the policies of the general liability insurers was not limited to cases where the truck itself produced the injury. The policy was expressly drawn in terms broad enough to exclude liability while away from the insured premises. It was the use of the truck as a propelling power which put the road grader in motion and started the chain of circumstances which proximately led to the injury.

If the road grader were being operated for the purpose for which it was built, for instance to move dirt, then such an operation would come within the insuring clause of the general liability insurers. If there had been no negligence in the operation of the truck there would have been no collision of the grader with the automobile of Clara Ross. If in the moving of this equipment it was done by an automobile then it came within the exclusion clauses of the general liability insurers.

Kan. Law on Underwriting

In the July 21 issue there was a showing of multiple line underwriting powers in the various states. This exhibit showed that Kansas has full underwriting powers legislation. This is not altogether correct.

According to its insurance department, Kansas has not passed a multiple line bill. Its casualty statute permits a stock casualty company to write fire lines under certain conditions. However, there is no statute which could be considered a multiple line authority for stock fire companies. There is, for example, no provision for authorizing a fire company to write bodily injury liability. The article on mutual companies other than life makes no distinction between casualty and fire mutuals, and it is, therefore, possible for a mutual company organized or admitted under that article to write all lines except life.

Rate Decrease in Md.

Commissioner Hanley of Maryland has approved a reduction of 9.8% in rates for workmen's compensation effective Sept. 1.

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(CONTINUED FROM PAGE 2)

addressing the insurance section of American Bar Assn., said that independence of action in rating procedures is recognized by the rate laws and any attempt to straitjacket the business into uniform patterns should be bitterly opposed. He observed that it is easier for an insurance department to handle a bureau filing for many companies than to analyze separate filings. But the right of the small independent company to compete in its own way must be recognized. However, he said freedom of action should not be confused with giving advantages to a company.

Mr. Butler said that home rule must be maintained. This is jeopardized by those who complain about the difficulty of doing business with 48 insurance departments. However, the right of the 48 states to regulate business within their own domains the way they want to regulate it has to be recognized. The authority of the commissioners at the state level should be preserved. Mr. Butler also emphasized the importance of majority rule. By this slow and sometimes painful process there is gained reasonable freedom of thought, speech and action.

To the extent that state supervision can be made to succeed, a pattern may be set for all business. There is needed on the part of the insurance business, evidence of a sense of trusteeship in discharging its responsibilities, exercise of self-discipline and restraint in the public interest.

Senator Kem Speaks

U. S. Senator Kem of Missouri warned the members of the insurance section at the opening session Monday, of the dangers of the welfare state.

The opening remarks were given by Henry W. Nichols, of National Surety, the general chairman.

The address of welcome was by Superintendent Jackson of Missouri and the response by Thomas Watters, Jr., of New York. Then came the stirring talk by Senator Kem.

The closing feature at this session was an address by Mary Donlon, chairman of the New York state workmen's compensation board on "Non-Occupational Disability Benefits."

On Tuesday there was a breakfast sponsored by the committee on health and accident insurance law and life insurance law. Then there was a series of round tables on various phases of insurance.

The banquet was held Tuesday preceded by a reception.

Earl M. Woodward of the Woodward-Hemphill agency, a past president of Wichita Assn. of Insurance Agents, has retired from the Wichita board of park commissioners due to ill health.

W. W. Jackson, administrative vice-president of American Hospital & Life, delivered the baccalaureate address at Trinity University, San Antonio.

Kankakee County Assn. of Insurance Agents held its first annual outing at the Kankakee Valley country club. Joe Green of the Andrews agency was in charge of the all-day event.

Expect Record Turnout for Meeting of Mutuals

(CONTINUED FROM PAGE 2)

of American Farmers Mutual of Chicago, will speak on "Visual Selling Plans for Agents"; H. D. Moon, Celina Mutual Casualty on "Sales Kits for Agents"; W. S. Bird, State Auto, Columbus, "Agents Education", and Harry M. Pontious, Farm Bureau Mutual Automobile, "Safe Driving Programs".

At the general farm conference meeting Frank Evans, Salt Lake City attorney, will speak. Professor Henry Giese of Iowa State College will give a talk on "Farm Mutual Windstorm Insurance". Another speaker is Ralph R. Botts, senior agricultural economist, U. S. Department of Agriculture, on "The Status of Farm Mutual Insurance". Merle D. Morgan, Square Deal of Des Moines, will speak on "Mutual Hail Insurance".

Host to the convention is George A. Christensen, representing Bear River Mutual which is the only mutual company domiciled in Utah.

H. F. McGlaughlin, Presque Isle, is chairman of the fire conference. L. G. Kenney, Grinnell, Ia., will discuss a practical inspection program. H. J. Ferguson, secretary of Farmers Alliance of McPherson, Kan., will give a talk on "Holding Insurance to Value". There will be a panel discussion on whether agents should adjust losses. H. P. Hostetter, secretary of Mt. Carroll Mutual Fire of Illinois, will give a talk on determining net retention for risk.

H. M. Burnett of North Dakota Farmers Mutual Tornado & Cyclone, is chairman of the windstorm section.

Prepare for Mich. Conference

LANSING—Committee meetings this week will start shaping the agenda for the governor's fire protection conference at Grand Rapids Oct. 22.

The fire prevention education committee, made up of company field men and headed by Raymond L. Jennings, state agent of American, is holding its session in the house chamber at the capitol. A general executive committee session also is scheduled. Glenn E. Thom, president of the Detroit Fire Fighters Assn., is general chairman, and Waldo O. Hildebrand, secretary-manager Michigan Assn. of Insurance Agents, is executive director. The municipal fire protection and communications committee, headed by Dale S. Bloom, Kalamazoo, chairman of the Michigan agents' association fire and accident prevention committee, met Aug. 26.

Taft to Atlanta for F.I.A.

The eastern regional office of the Factory Insurance Assn. at Hartford has appointed Robert M. Taft of that office special agent at Atlanta. He joined F.I.A. in 1938, became an inspector and traveled until 1941 when he located in the Charlotte office. Following war service he returned to the association as a supervisor of the southern territory in 1948.

The 1752 Club of Ohio at its meeting Sept. 12 at Columbus will consider an educational program in conjunction with Ohio Assn. of Mutual Insurance Agents.



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Auto Standard Provisions Valuable

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changed in conformity with the underwriting rules of any company adopting the forms. Some insurers using the forms may do, in accordance with their manual rules, afford extra coverage by standard or other endorsement without additional charge. Other insurers may use the entire form except to add or delete a limitation as authorized by their manuals. Except for companies affiliated with a rating organization (the position of which we shall separately discuss) use of the standard provisions involves no commitments or even discussions as to rates.

Available to All Insurers

The program in no wise concerns restriction of production, agreement upon marketing methods, allocation of territories, boycott of non-participants, or any similar practices. Further, we have noted that the standardized products are freely made available to all insurers on an open basis and those obtaining the forms enter no agreement to use them. Finally, the avowed and ascertainable purposes of the program are commendable and the work has been aided by insurance departments and other agencies from its inception.

Under the foregoing circumstances cooperative activities in the preparation, dissemination or use of standard provisions would not appear to involve a violation of the Sherman act. While there are few applicable court decisions, the consistent trend has been to uphold any standardization program conferring benefits upon public and industry to the extent that it is not part of a price fixing or boycott scheme. Government policy recognizing the desirability of such programs is evidenced by the existence of the bureau of standards in the Department of Commerce. Ameri-

can Standards Assn., trade associations, bar associations and various other groups are constantly seeking to formulate models in the fields of electrical equipment, tools, commercial paper, codes, regulations and a thousand more subjects in which uniformity may be established to lie in the general interest.

Price Fixing Operations

Note must be taken of the particular status of rating organizations which require members and subscribers to use such forms and do so as part of their rating (price-fixing) activities. Most of the foregoing arguments are equally applicable to their situation and we first may conclude that no objection could be taken to their forms work except to the extent to which underwriting agreements upon the substance of the coverage are an integral part of price-fixing operations. This of course excludes work devoted to proper phraseology. To whatever extent binding agreements on the substance of coverage violate the Sherman act when required and administered by a licensed rating organization, they are "regulated by state law" within the meaning of the McCarran act and hence are exempted from the Sherman act. For example, there now exist rate regulatory laws for automobile liability insurance in every state, territory and the District of Columbia, with the sole exception of Idaho. Under each of these it is provided that every filing "shall indicate the character and extent of the coverage contemplated." This is accomplished by the filing of manuals or other statements of underwriting rules (not by the filing of policy forms). The character and extent of the coverage to be afforded, which has been determined by the underwriters, thus is scrutinized by state supervisory officials at the time filings are reviewed. Before any such filings may be made by a rating organization its methods of operation must conform to certain standards, it must be licensed and thereafter regularly examined. The rating laws specifically authorize cooperation among rating organizations, and among rating organizations and insurers, in any matters within their scope, so that agreements upon underwriting rules subsequently filed are sanctioned. These regulatory measures exist in addition to the separate statutes in 30-odd states which require the filing of policy and endorsement forms with the insurance departments. A host of other regulatory powers are vested in those departments, including in many states broad authority to deal with all unfair trade practices.

Response to Public Demand

It always is difficult in a brief study to do more than touch upon the periphery of a many-sided subject. We may, however, regard several conclusions as established even in this cursory analysis. Foremost is the fact that the standard provisions program for casualty policies was created in response to public demand and that its subsequent course has remained influenced by that public origin. Since its establishment more liberal coverage has consistently appeared and there has been a steady diminution of complaints and disputes concerning the meaning of policy language. While it continues to be difficult to reconcile the divergent objectives of brevity and clarity, the draftsmen have succeeded in creating contracts accepted country-wide as model forms.

There should be little question but that use of the standard provisions by insurers is in conformity with law. No exception can possibly be voiced with respect to the forms work proper, which is the drafting of the best phraseology in which to grant or exclude coverage. To the extent that agreement upon the coverage to be afforded is an integral part of the operations of a rating organ-

ization, the activity is "regulated by state law" and hence exempted from the anti-trust laws. We accordingly may conclude that the activity continues to merit the firm support of the industry, the insuring public and the legal profession.

Colo. Program Finished

The program has been completed for the annual convention of Colorado Assn. of Insurance Agents Sept. 30-Oct. 1 at Pueblo. Headline speaker at the session Saturday morning will be Corlett T. Wilson, local agent of Rock-

ford, Ill. Mr. Wilson's subject will be "Packaged Personalized Protection." John Eglof, supervisor of agency field service for Travelers, will speak Friday morning. Principal entertainment features are a trip through the steel plant of the Colorado Fuel & Iron Corp., and a dance on Friday evening.

New Ark. License Supervisor

Commissioner Graves of Arkansas has appointed Ector Johnson, Jr., of Little Rock as supervisor of the licensing division. A new index system for licensing of agents is being set up.

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Lawyers Scan Subrogation Field

(CONTINUED FROM PAGE 1)

the insurance company and adjuster to follow up the matter.

Another criticism is that attorneys are not familiar with the laws of subrogation of their own states. Obviously, he said, any lawyer handling a subrogation matter should be familiar with the mechanics of pursuing the claim. Still another criticism is that attorneys incur costs in excess of the potential value of the claim. It is up to the attorney to appraise the expense of litigation, cost of experts, etc., and to advise the insurer if pursuit of the claim is likely to be unprofitable.

There is complaint that attorneys are too selective in cases they will accept. Mr. Lowry said that attorneys should be willing to accept small cases as well as big ones and should be willing to gamble their time in most cases where recovery is less certain if they want the

cases with a clear-cut third party liability. The insurance company wants an attorney who will fight for recovery in a difficult case provided the principal loss in event of a failure is the attorney's time and not the insurance company's own cash for disbursements.

Public Relations Angle

There is criticism that attorneys fail to recognize the importance of public relations. Mr. Lowry said that the cooperation of the insured is usually necessary. Once he is paid off reluctant acquiescence may supplant enthusiastic assistance, particularly if the defendant to the claim is a friend or a tenant who is not himself protected by insurance. Resistance may also be encountered from the local agency that wrote the policy if the defendant is a customer who thought he had protection from every conceivable

risk. Under these circumstances the attorney must use the utmost diplomacy and should keep the insurer fully advised of all developments.

On the other hand the attorney makes the criticism that he is not given an opportunity to investigate, discover and preserve evidence soon enough. Mr. Lowry said that if the adjusting companies would notify insurers immediately that a subrogation situation is suspected so an attorney could be put to work with the adjuster at the scene of the fire, then better results would be obtained in subrogation matters. Other criticism on the part of attorneys is that adjusters and insurers don't understand the inevitable delays usually incident to the judicial process. To this Mr. Lowry responded that the misunderstanding on this score is probably the fault of the attorney.

Except where large amounts are involved, Mr. Lowry said, the practice of having many attorneys in a subrogation case should be avoided as it may result

in no attorney being adequately compensated.

Mr. Lowry said that a case that has caused more comment than any other in recent times is that of General Mills at Minneapolis. General Mills was a tenant in a building destroyed by fire. The fire was alleged to have been caused by the negligence of an employee of General Mills in putting a hot casting into a barrel of oil instead of water. The owner carried physical damage and rental insurance but not in sufficient amounts to cover the loss. Both the owner and his insurer sued General Mills and recovered a judgment of about \$200,000. If this case is sustained on appeal it would appear that the attorneys will receive fees of more than \$65,000.

Another recent interesting case involved a fire in the Kimball Locker Co., Kansas City. The fire was alleged to have been caused by negligence in installing an unsuitable insulating material which ignited spontaneously. A judgment of some \$97,000 was gotten and the attorneys received more than \$35,000.

The subrogation cases growing out of the Texas City disaster may well prove to far exceed any previous recoveries for fire insurance companies and fees for the attorneys involved.

As more and more subrogation cases are handled with skill and diligence the field may well enlarge to the mutual advantage of the fire companies and attorneys.

Sanatorium Personnel Need Fire Defense Training

TWO RIVERS, WIS.—Spurred by recent hospital fires in Wisconsin and Illinois, the Wisconsin Sanatorium Trustees and Superintendents Assn. in annual convention here, emphasized further possible protection of tuberculosis patients.

F. C. Thomas, National Retailers Mutual, Chicago, stressed the importance of training sanatorium personnel in defense against a fire tragedy. He stated that there were over 1,000 hospital fires in this country in a year, many of which could have been prevented by trained personnel as well as the installation of modern fire preventive equipment.

How the efficiency of sanatorium personnel enabled them to evacuate safely all the patients in the Mt. Washington Sanatorium near Eau Claire, Wis., was described by John Lindner, president of the board of trustees. A part of the hospital was destroyed.

Hearing Supervisor Named

RALEIGH, N. C.—Baxter Durham, with Atlantic Life here since 1945, has been appointed by Commissioner Cheek as general supervisor of public hearings, a new post authorized by the act which requires public hearings on proposed changes in insurance rates. He also will assist in handling complaints.

Mr. Durham formerly served as state auditor and as secretary of the teachers and state employees retirement system.

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NEWS OF FIELD MEN

Speise Special Agent for Glens Falls at Chicago

C. Stanley Speise has been appointed special agent for the Glens Falls at Chicago. He will handle the north and northwest sides of Chicago and the north shore suburbs in Cook county, territory previously handled by Albert Weiss and the late W. T. Bisbee.

Mr. Speise joined Glens Falls in 1938. He returned to the company in 1945 after serving as an air force pilot.

Mr. Weiss, executive special agent, will continue to supervise Lake and McHenry counties. Robert A. Gaston will be in charge of fire underwriting activities, which position Mr. Speise had before his appointment.

Assign Field Men to Schools

The public relations and educational committee of Kansas Fire Underwriters Assn. met with the officers and executive committee at Topeka to outline plans for work this fall. Fifteen field men attended, including the zone chairmen. N. K. Nelson, chairman, was in charge. Three representatives were assigned to the state schools that conduct insurance courses to assist in insurance instruction. C. J. Wintrol of Royal-Liverpool, will assist at University of Kansas; Harlan R. Martin, St. Paul F. & M., was designated to assist at Kansas State, and Earl W. Walker, North British, to Fort Hays. The committee will meet later with a like committee of Kansas Assn. of Insurance Agents to discuss the proposed plans.

Eidschun to National Union

Robert W. Eidschun has been appointed staff adjuster for National Union Fire. He is on temporary assignment in the Florida hurricane territory and will take up his permanent assignment later at Detroit, covering Wayne county.

Eggert Named in Pa.

National Union has named Harry F. Eggert as state agent in western Pennsylvania with headquarters at the home office. Mr. Eggert started with Middle Department Rating Assn., and after service during the war, was special agent in western Pennsylvania for Globe & Republic.

Braun Joins G. & R.

Herbert D. Braun has been appointed special agent of Globe & Rutgers and American Home at San Francisco. He has an engineering background and is well known in that phase of insurance work.

St. Louis Pond Opens Season

St. Louis Blue Goose will hold its first fall meeting Sept. 12. Reports from the grand nest meeting will be heard. The pond will have a stag outing Sept. 24.

Hull at Los Angeles

LOS ANGELES—J. Ray Hull, most loyal grand gander of the Blue Goose, was the guest of officers and members of California pond on his way home from the grand nest meeting in Seattle.

Mr. Hull said the high standard of membership should be maintained and that eligibility requirements should not be changed.

Make F. P. Week Plans

Robert O'Brien, Royal-Liverpool state agent, Topeka, has been named district chairman of the National Fire Waste Council for Kansas. He has direct charge of Fire Prevention Week activities in the state in all 44 cities that are affiliated with the U. S. Chamber of Commerce and has appointed "contact"

men to set up local fire prevention committees. A similar committee in charge of towns not affiliated with the U. S. Chamber is headed by Edward F. McDermott, Home, Topeka.

American Assigns Jansen

American has named Francis A. Jansen special agent in the Rockford, Ill. service office to assist Henry A. Trenholm, supervisor. He succeeds Kenneth E. Erickson, who has been transferred to Arkansas as state agent. Mr. Jansen joined American in the western department at Rockford in 1946 and has been in the underwriting department.

Krumbein to Mich. Field

America Fore has appointed William C. Krumbein, Jr., to the Michigan field force as special agent with headquarters at Jackson.

Mr. Krumbein has been with the engineering department of America Fore since his war service.

Shaw to America Fore

William S. Shaw has joined America Fore in Indiana as special agent, assisting E. P. Carson, state agent. His headquarters will be at Indianapolis. He replaces G. W. Ong, resigned. Mr. Shaw has been with Indiana Rating Bureau and has been special agent for National Union in Indiana since returning from the service.

New Wis. Farm Field Man

William Clark has been appointed special agent for the farm department of Home in Wisconsin with headquarters at Milwaukee. He is a newcomer to the insurance business and was formerly a salesman in another line with headquarters at Madison, Wis.

C. K. Thornburg, Jr., special agent for the farm department of Home at Grand Rapids, has been promoted to state agent there.

The Minnesota field offices of Crum & Forster at Minneapolis have moved to larger quarters in the Minnesota Federal building. R. R. Hayes is state agent.

The Sunflower Blue Goose puddle at Wichita is resuming its Monday luncheon meetings Sept. 12.

MARINE

Names German Agents

North America announces the appointment as agents in Germany of F. Reck & Co., Bremen, and Carl Reick, Hamburg. They will write marine insurance, under the supervision of the London service office.

Little in Texas Post

John J. Little has been appointed marine special agent in west Texas for Fireman's Fund. He will travel out of the Dallas office.

Mr. Little is a graduate of Southern Methodist University. He studied marine insurance in 1946.

CHICAGO

EXPECT 500 AT LUNCHEON

The increasing importance of the role which the insurance department manager or professional insurance buyer plays in meeting the insurance needs of large business organizations will be highlighted at the seventh annual all-industry luncheon to be held Oct. 5 at Chicago under the sponsorship of the Chicago C.P.C.U. chapter. At this time the C.P.C.U. designation is conferred

formally upon those in the Chicago area who have qualified for the distinction during the preceding year. An audience of 500 is expected.

Principal speaker will be Paul H. Schindler, manager of the insurance department of Youngstown Sheet & Tube Co. He is a member of the planning council of the insurance section of American Management Assn. and he has appeared frequently as a speaker at the A.M.A. insurance meetings.

Tickets for the luncheon are available at \$3.25 each from R. Maynard Toelle, A-1013 Insurance Exchange building, Chicago.

Hold Dodge County Outing

WAUPUN, WIS.—Dodge County Insurance Agents Assn. held an outing with 37 members and guests attending from 11 cities in the county. John de-Hartog, Jr., president, was chairman at the dinner, at which R. M. Salisbury, Wisconsin motor vehicle department, spoke on "Highway Safety."

Michigan Fire Prevention Assn. will inspect West Branch Sept. 20-21. A pre-inspection dinner is planned at West Branch Country Club the evening of the 20th.

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EDITORIAL COMMENT

World-Wide Objection to Success

THE NATIONAL UNDERWRITER is pleased to devote its editorial page this week to reproduction of the following editorial from the "Review" of London of Aug. 5, which illuminates dangerous parallels in the United States and Britain.

It is not without significance that at the same time that the labor party in Britain is developing its attack upon industrial assurance and through it upon other branches of a business which has been outstandingly successful, and has done an immense amount of good to commerce and industry the world over, an attack upon insurance launched in the first place against life insurance is developing in the United States.

That this is no exaggeration of what is thought in America of the situation which seems to be developing there is evident from the many references to it reported in American papers. Thus, A. L. Kirkpatrick, manager of the United States Chamber of Commerce insurance department, has been reported as saying that in Washington there is evidence of a world-wide movement of this kind in the activities of pressure groups "seeking some special advantage" through a "questioning attack" upon every successful institution. The whole philosophy of industrial management, he is reported to have said, was being challenged by labor unions demanding that they be given a larger voice in management. Taxes were being used as a means of social reforms and the amount of business profits was being seriously challenged. In this general stirring-up the insurance business was being called up to defend its conduct and the proposed investigation into life assurance associated with the names of Senator McCarran and Representative Celler was part of this general movement.

Joseph F. Matthei, vice-president of the United States Fidelity & Guaranty, speaking about the same time and referring to the proposed investigation, is reported to have said that although it was ostensibly limited to life assurance it was impossible for any one element of the business to isolate itself and that they were "all in it together." It was essential they should work together.

Claris Adams, president of the Ohio State Life, speaking on the same subject, is reported to have said that just 10 years ago life assurance in the United States was subjected to a thorough inquiry which covered every conceivable phase of its operations but did not reveal the slightest vestige of monopoly

nor the abuse of economic power. The situation has not changed since then and a new enquiry would result in developing precisely the same facts. As president of a moderate-sized company, he could testify that in no field of private enterprise did smaller units compete with such evident equality. There was no economic area in which competition was keener, yet the smaller companies were growing more rapidly, proportionately, than the larger ones. Referring to the insurance commissioners of the various states and the periodical inspection of offices carried out by them, Mr. Adams said that the states had 48 policemen on the insurance beat. It was quite unnecessary for a Congressional committee to spend \$100,000 and the better part of a year in order to get at facts that were readily available. All that was necessary was to call a dozen of the insurance commissioners of the various states together to learn all the facts about any phase of company operations. However, when an institution became large and successful there were those who suspected that it must be bad.

T. I. Parkinson, president of the Equitable Life Assurance Society, is reported to have said that if the proposed investigation was serious and honest it would do the business no harm, but if it were not serious and honest he would make its investigators sorry they started it. Referring to agitation to prevent the sale of security issues direct to life offices, he said that the only objection that could be raised to the practice was that it gave the life offices undue economic power which, he said, was as silly as anything that could well be suggested.

There is more than enough in this to show that the situation in the United States has many points of similarity with that in Britain. Under the cloak that efficiency and the interests of policyholders are the aims in view, an attack on the business is developing which is really part of a much wider movement having other motives altogether. The fact that a business is large and successful under private enterprise is an affront.

In the United States the general movement has not yet progressed as far as it has here. No one, to the best of our knowledge, has openly advocated an attack on life insurance as a first step towards labor's gaining economic and financial control of the country, as has happened here. While the idea is evi-

dently being put about that the life officers by control of their funds exercise undue economic power, it has not yet, so far as we are aware, been suggested that the business should be taken over by the state so that this economic power should be in state hands, ostensibly for the benefit of the nation at large, but actually to strengthen labor's hand politically. No one yet has dared to advocate that all political parties other than their own should be suppressed, as has happened here, but the situations are sufficiently alike to suggest that they are the same thing in different stages of development.

Indeed, the open way in which such ideas have been spoken of in Britain recently is quite surprising. While many are known to give the labor party credit for such intentions, the disadvantage to the party in their being publicly advocated is so obvious that it is astonishing that it has not been prevented.

Even so, the trouble is that, judged by standards which have come to be accepted as a matter of course in Britain, these ideas are so fantastic that few people have yet begun to take them seriously. Brendan Bracken did well, therefore, when speaking recently at Dumbarton, to point out that in helping themselves to the assets of the insurance offices the government were hoping to put a Trojan horse into every large, well-managed business in the country. Probably the full significance of this remark has not been widely appreciated. What it means is that if the government were to secure control of insurance funds it would come into possession of the shareholdings of individual insurance offices in many industrial and commercial concerns, and by combining holdings, which individually are relatively small, it would obtain very large voting power in these concerns, enough, perhaps, in many cases to give it a controlling interest. In this way nationalization on a wide scale would be effected before the country realized what was happening.

It may safely be assumed that collectively the insurance offices are quite alive to this possibility and that they are giving it their attention, but it is to be noted that it is not mentioned in the pamphlet recently issued by the

British Insurance Assn., which confines itself to pointing out that the entire business of insurance is affected by labor's proposals, that the proposals are calculated to do great harm to business abroad with consequent loss of vitally important foreign earnings; that they would result in grave diminution of the savings effected by life insurance at home, of such tremendous importance to the nation's economy, and would convert "a thriving organization, which is the greatest single factor in national thrift among the masses in this country, into a bureaucratic institution, bereft of competition . . . ; an institution which would rapidly deteriorate and diminish, becoming first unprofitable to the policyholders and later, even a burden on the taxpayer."

The omission of all mention in the B.I.A. pamphlet of the danger of sub rosa nationalization contained in labor's proposals is, we think, much to be regretted. It would seem that there is still a disinclination on the part of many insurance interests to mention anything which can be said to have a political flavor. But whatever may have been true earlier, the present proposals with regard to the industrial life offices are purely political, the party's suggestions that they are intended to benefit policyholders being a very thin disguise for what lies underneath. It is essential that the people of this country should be made to see the proposals for what they really are, and if insurance is not going to undertake the task of enlightening them, who is? The alternative presumably is the politicians. It is certain, however, that whatever politicians may say will be discounted, to some extent at least, by the obvious fact that they have their own axes to grind. It is true, of course, that the same applies in some measure to insurance offices, where pronouncements on this subject cannot be expected to be disinterested. Largely as the result of restraint practised in the past, however, there is a dignity attaching to insurance. It would seem that the time has come to make full use of it.

Industrial offices here and there seem to have been giving a lead in this direction. It is to be hoped that it will be followed with all the collective force the business can muster.

PERSONAL SIDE OF THE BUSINESS

Charles W. Rogers, assistant Pacific Coast manager of Fire Association, is making a visit to Alaska and the Pacific Northwest. He attended the Blue Goose meeting at Seattle, as he is a past most loyal gander of the San Francisco pond. He also attended the Washington agents annual meeting at Seattle and the Ore-

gon agents meeting at Portland. The Grand Rapids Puddle of the Michigan Blue Goose held a luncheon meeting to honor Henry Knoblauch, retiring manager at Grand Rapids for Western Adjustment and William Byler, retiring state agent for Fireman's Fund. Casey Kingman, Standard Accident, big

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September 8, 1949

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toad, presided, and W. P. Van Wormer, Phoenix of Hartford, made the presentation of gifts. The meeting was attended by 55 members and guests from Grand Rapids, Kalamazoo, Flint and Battle Creek.

Chas. M. Patrick, the new president of Dallas Insurance Agents Assn., was born at Corsicana, Tex., in 1904 but after losing his father and mother in the 1919 influenza epidemic, he went to Greenville, S. C., where he was graduated from high school. He completed a business course and was for some time a secretary in Gulf Oil Co. at Corsicana. He attended University of

Texas. Mr. Patrick went to Dallas in 1927 and for five years was with Dallas Power & Light Co. In 1930 he served as president of Terpsichorean Club. He entered the insurance business in 1933 as office manager of Craddock & Smith, now the Cruger T. Smith agency, and later became a solicitor for that agency. In 1943 he established his own agency and since has purchased two other agencies and consolidated them with his business. He received his C.P.C.U. designation in 1947.

W. E. Mallieau, general manager of the National Board, was a featured guest on the "True Detective Stories" broadcast of Mutual Broadcasting System Sunday night. He solicited increased public support of the battle against fire destruction. The program told the story of the capture of one of the nation's most dangerous arsonists.

Glenn E. Carter, assistant vice-president of Bank of America and a man who has numerous insurance associations, was the director of a documentary film on the history and progress of California that is tied in with the California Centennial. This has been released by the "March of Time" and is being run at the Roxy Theater at New York. Mr. Carter for 12 years was assistant editor of "Pacific Northwest Underwriter."



Chas. M. Patrick

Charles M. Gardner, office manager of the Hussey local agency at Topeka, celebrated 55 years in the insurance business and his 45th year with the Hussey agency. In his whole insurance career Mr. Gardner has been connected with four different agencies and each represented Maryland Casualty. So he has been connected with Maryland as an agent since its incorporation.

Harold A. McKenna, Chicago manager of Phoenix of London, and Mrs. McKenna have left on a trip by plane through Mexico and the west coast.

Paul F. McKown, Pacific Coast vice-president of St. Paul Fire & Marine, is at the home office for a conference with company officials and to visit his father, J. C. McKown, retired secretary of the company, who is ill.

Milton C. Godfrey, assistant manager of Norwich Union at San Francisco, suffered a heart attack as he boarded the train at Oakland on his way to the annual meeting of Oregon Assn. of Insurance Agents. He is reported in serious condition.

Mary G. Mitchell, daughter of **Edmond L. Mitchell**, vice-president of Producers of San Francisco, was married to **William A. Halonen**. The latter, a graduate of University of San Francisco, is manager of the automobile department of Cal-Union Agencies.

Leo B. Menner, vice-president Stewart, Smith (Illinois) Inc., Chicago, will sail from New York Sept. 20 for England where he will spend several weeks with Lloyds officials in the London office of Stewart, Smith & Co., Ltd. He also plans to visit the office in Glasgow before returning to the states about Nov. 1.

DEATHS

Former Springfield President Dies

Walter B. Cruttenden, a director and former chief executive of the Springfield F. & M. group, died suddenly on a train near Pittsfield, Mass., enroute to Springfield. He and Mrs. Cruttenden were returning from a month's vacation at Jasper Park in the Canadian Rockies. He is survived by his widow, Marie H. Cruttenden.

Funeral services were held Monday at Springfield. Interment was in Meriden, Conn.

His association with the Springfield began in June, 1912, when he became a special agent. In 1919 he was elected assistant secretary and then vice-president in 1924. Following the death of President George G. Bulkley, Mr. Cruttenden, already a director, was elected president July 22, 1940. In 1946 he was named chairman, the first in the Springfield's history to hold the office. At his request he was not renamed in March this year and the position was discontinued.

At the time of his retirement Mr. Cruttenden was a member of the conference committee of the National Board, trustee of American Foreign Insurance Assn., director of Afia Finance Corp., Underwriters Salvage Co. of New York, General Adjustment Bureau, and National Board Building Corp., and a fellow of Insurance Institute of America.

Mr. Cruttenden was born at Madison, Conn. He was graduated from Yale in 1894. In 1896 he received his law degree at Yale and was admitted to the Connecticut bar. He got his master

of laws degree at Yale in 1897.

After three years of general law practice, he joined National Fire.

Nelson B. Bassett, prominent in fire loss adjustment circles for many years, died in East Orange, N. J.

A native of Hartford, Mr. Bassett started in insurance with Scottish Union and for several years was manager of its loss department. When the predecessor of General Adjustment Bureau was organized in 1906, Mr. Bassett was one of the first two employees and held the position of secretary-treasurer. He was elected treasurer of the present G.A.B. in 1932. When his health forced him to curtail activity in 1947, he continued his association with the bureau as assistant treasurer. He was recognized as an authority on losses involving apportionments under non-concurrent insurance.

Buford H. Penn of the Penn & Abbott agency, Georgetown, Ky., died there following a heart attack.

William E. McWhorter, 64, of the McKnight & McWhorter agency and president of Citizens Bank & Trust Co., Campbellsville, Ky., died there following a heart attack at his office.

William M. Baldwin, 63, state agent in eastern Missouri and southern Illinois of American Indemnity, died at St. Louis. Some years ago he was president of the now defunct Prudential Casualty & Surety of St. Louis.

Shirley D. Gover, 52, manager of the Louisville office of the Kentucky insurance department, died of a heart attack. He entered the insurance business shortly after graduating from Transylvania College and for about 20 years was with Travelers, at Louisville, Richmond and Los Angeles. Mr. Gover returned to Louisville in 1941 and joined the insurance department.

Welden D. Whelan, Sr., 89, died at Los Angeles. He was with Fireman's Fund from the early '90's until he retired in 1922. He was with Fireman's Fund first as local agent in California, then became special agent at Los Angeles about 1896, and later opened the company's office there as its first manager. He retained that position until his retirement, after which he continued to serve in an advisory capacity for more than a year.

Walter L. Heydon, manager of the New York City brokerage and service department of New Hampshire Fire since 1942, died at Presbyterian hospital, Newark. He started with City of New York as an office boy, later was with the Wickham agency, and from 1931 to 1942 was with the New York metropolitan and suburban department of American.

E. R. Baker, 64, vice-president of American Income of Indianapolis, is dead. He had been with the company 20 years, the last five years as claims and agency manager.

New York Department Approves Escott Plan

(CONTINUED FROM PAGE 1)

that they be given careful consideration.

North America and Fireman's Fund it is said, will withdraw the plans they previously had filed and use the new N.Y.F.I.R.O. program. Hartford Fire and the Aetna Life companies apparently plan to file their own plans. The latter companies, with America Fore, have opposed the Escott plan and favored the average plan brought out as a substitute for the former Interstate Underwriters Board program of debits and credits. Like North America, Pearl has an independent plan on file in New York that was approved by the department, but it is understood that the Pearl group is inclined to go along with a debit-credit plan which is satisfactory to the majority of companies and okayed by the department.

Elmer Bly of the Kenneth Ross & Co. agency, Arkansas City, Kan., has retired as commander of the American Legion post there.

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Virtues of Auto Standard Provisions Are Extolled

J. B. Donovan Sees
No Danger of Anti-Trust
Violation

By JAMES B. DONOVAN

General Counsel National Bureau of Casualty Underwriters

Herewith is given in large part Mr. Donovan's paper before the insurance section meeting of American Bar Assn. at St. Louis.

Since the Southeastern Underwriters decision and enactment of the McCarran act trade practices of the insurance business have been subjected to rigorous scrutiny by public authority and the industry. Ratemaking in concert and other forms of collaboration have been primary subjects of this consideration. A not unexpected concomitant has been the development of an apprehension of cooperation. Many insurers and others are wary of joint action, even on non-restrictive activities in which each party independently would reach the same conclusions and common sense dictates parallel action by all concerned.

At a time when this unreasoning fear of all collaboration is abroad, it should be both wise and heartening to review the field of national standard provisions for casualty insurance policies. In summary, it will be the thesis of this paper that (a) uniformity of language in such forms is in the interests of the industry and the insuring public, (b) the present standard forms program has been a progressive, enlightened influence in the field, and (c) the program involves no violation of law.

History of Standard Provisions

From the issuance of the first American liability policy circa 1886, each individual company wrote its own forms of policies and endorsements. Nevertheless, within a very few years it became apparent to insurers that mutual consultation with respect to phraseology would be of benefit to all. From time to time during the next few decades there were exchanges of views concerning judicial interpretations and the most appropriate language for clauses commonly found in the policies. While such conferences were held on an informal basis, they afforded some reassurance to men pioneering in unknown fields.

Rating organizations originally established for employers liability insurance were gradually given jurisdiction over other casualty lines. The present National Bureau of Casualty Underwriters, for example, dates its origin from 1896 and its modern existence from 1910. Such organizations were founded upon the premise that collaboration among casualty insurers was necessary in order to calculate and to maintain reasonable rates. It was apparent from the outset that unless companies combining loss experience afforded substantially the same coverages, the reported statistics would vary from minor distortions of true experience to an almost meaningless potpourri. To assure the accuracy of ratemaking data, companies combining experience accordingly agreed to offer substantially similar coverages for such lines. This usually meant only that the underwriting rules, upon which the policies were based, must be very alike or identical. It remained the responsi-

bility of each company to see to it that the form of its contracts expressed the substance of the intended coverage. Since almost all insurers used Bureau manuals, whether or not they followed Bureau rates, these conditions prevailed industry-wide.

Cites Inherent Difficulties

Until the late nineteen twenties, then, even companies intending to afford substantially the same coverages usually did so through contract forms individually developed by each insurer. There were, however, inherent difficulties in thus having each company "say the same thing in different words." In every language there are few ideas which can be precisely expressed in more than one way. Almost every phrase or synonym has its own connotations and shades of meaning. Accordingly, during this period companies, producers, insured and insurance departments found it necessary to scrutinize the wording of every contract in an attempt to determine whether it could be construed to provide more or less insurance than the policies of other companies supposedly offering "substantially the same coverage." We all are familiar with the problems of "accidentally caused" and "caused by accident."

While the preservation of individuality continued to have its advantages for certain types of policies, it appeared to several state insurance departments that it would be in the interests of all concerned if an attempt were made by the companies to standardize the language in such universal contracts as the automobile liability policy. National Bureau of Casualty Underwriters, representing a stock company membership, had reached a similar conclusion and had begun a forms program among its members and subscribers. Mutual companies concerned with similar problems had also instituted a forms committee within American Mutual Alliance. These groups functioned independently (which lessened but did not solve the problems) while state insurance officials continued to press for uniform phraseology in the industry. It was not until 1933 that there were arranged joint meetings of policy draftsmen representing the bureau and the alliance. After a series of conferences over the next two years, including discussions with American Bar Assn. and other interested groups, the so-called joint forms committee on May 15, 1935, approved standard provisions for a basic automobile liability policy and a garage liability form.

Embraces Entire Field

From that initial promulgation the joint program continued to progress, with additional policies and endorsements being continually brought within the plan. At present the program embraces the entire field of automobile liability insurance, the comprehensive policies, and an increasing number of other forms. Many of the policies and endorsements have been revised several times since the inauguration of the program. New forms are constantly being considered and those existing are continually reviewed in the light of interpretation by the courts and others concerned.

National Automobile Underwriters Assn. now participates in the program with respect to combination automobile policies. Further cooperation is extended by various insurance departments, National Assn. of Insurance Agents, National Assn. of Independent Insurers, and other groups. Since 1936 the committee on automobile insurance law of American Bar Assn. has periodically annotated the standard provi-

Linn Kidd Heads Steering Group

Linn S. Kidd, state national director of Indiana, has been named chairman of the steering committee of the national board of state directors for the convention of National Assn. of Insurance Agents at Chicago, Sept. 19-22.

Serving with Mr. Kidd on this committee, which prepares the agenda for the board, are Robert Maxwell, Texarkana, Ark., and John H. Carney, Eau Claire, Wis.

The steering committee approved the following list of subjects suggested by the N.A.I.A. executive committee for consideration by the directors: Interstate risks, allocation formula committee report, code of fair practices, uniform non-resident agent and broker law, disability insurance, installment term insurance, bulletin subscriptions to non-members, all-risk dwelling policy, consolidation of committees, Washington report (social security and government bonding), American Red Cross, and N.A.I.A. policy recommendations in committee reports from executive committee. Other subjects may be added later.

sions for automobile liability policies.

In addition to the forms standardized under this joint stock-mutual program, many other casualty policies are developed and used by all companies within rating organizations. It has been an evolutionary process to determine when it is in the interests of all concerned to have a certain form developed as "national standard provisions" through the more complicated joint stock-mutual procedures.

By now the national standard provisions are almost universally used and accepted in the United States. The automobile liability provisions, for example, are not only approved in all jurisdictions but are prescribed in those states which promulgate a mandatory policy for all insurers.

In understanding the derivation of standard provisions for casualty policies, one principle must be kept foremost in mind. The drafting of a policy form is basically the same problem faced by every attorney in drafting an important contract for a client. The attorneys in our case are the forms committee; the clients are the underwriters. As in the ordinary case of a practicing lawyer, the role of the attorney is to ascertain the intent of the client, explain legal problems to be faced, suggest contingencies which may arise, develop phraseology in the light of court decisions, and so forth. The extent to which an attorney contributes to the substance as well as the form of a contract, usually depends upon his appreciation of the problems involved and the ability of the client to make up his own mind. However, the establishment and maintenance of a proper lawyer-client relationship is fundamental in all contract draftsmanship. If the attorney insists upon attempting to dictate business policy, or the client is anxious to shift his own responsibility to make decisions, the effectiveness of the partnership is correspondingly diminished. With this primary concept in mind, we may review the normal procedures involved in creating or revising a policy form.

The substance of any coverage to be afforded is determined by underwriters

(CONTINUED ON PAGE 27)

Mary Donlon Cites Role of Insurance in Social Services

N. Y. Law Supplies Pattern for Private Cover at State Level

ST. LOUIS — The preservation of our free way of life may well be hanging in the balance in connection with the development of social insurance and the scales will finally be tipped on one side or the other by the way private insurance meets the new challenge to provide and service social insurance for millions of American workers and their employes. This message was given at the insurance law section meeting of American Bar Assn. here by Mary Donlon, chairman of New York state workmen's compensation board.

The speaker made a personal survey aided by colleagues of social insurance in Europe this summer. She observed that social insurances are here to stay and from foreign experience the U. S. can learn much that is helpful in formulating its own programs. She said that economic conditions in Europe are not favorable to the attainment of individual economic security. This is not entirely a postwar phenomenon. The down-draft of European economy has, for at least 50 years, been creating problems that made inevitable political pressure for social insurance programs. What is now happening is an accelerated decline in European economy, resulting in still greater political pressures for social insurance. Thus the programs providing reimbursement for the cost of medical care or sickness benefits or both for employed persons are now being expanded to include also the dependents of employes, or as in England, the entire population. The needs test as a limitation on the right to receive social insurance benefits is being eliminated. Pressure is on everywhere to increase benefit rates.

None Favors Retrenchment

Although there will be some brake applied to costs, she predicted there will be more, not less, social insurance in Europe. No one of importance in England is standing up today to be counted for curtailment of the social insurance, she said. There is no voice in western Europe, however conservative, advocating retrenchment in the basic social services.

Economic conditions in the U. S. are more favorable than in Europe and, therefore, there is some time lag here in the pressures for social insurance programs. Nevertheless, social and political trends are in the same direction. The next depression, or indeed any significant business depression, will accelerate the social and political movement for expansion of our social insurances. Planning here must be on the premise that we, too, shall have more, not less, of social insurances. The question is, what kind of program shall we favor? Can private insurance be trusted or must we look to a government insurance monopoly? Are employers and employees able to work out common problems together with the role of government limited to setting standards and policing performance? Or must government itself take over the whole job of collecting taxes with one hand and

(CONTINUED ON PAGE 27)

Look Askance at Disapprovals

W. C. Insurers May Joust Commissioners if Turndowns Continue

Although the Rhode Island and Michigan departments have turned down rate increases asked by the carriers on workmen's compensation coverage, there is not likely to be a legal challenge in those two states. However, the action of the two commissioners has caused the company people to wonder what they can expect ahead in other states.

Rate regulatory laws impose responsibilities on commissioners as well as companies, and if the commissioners follow Bisson and Forbes, unquestionably there will be a court test to determine just where the companies stand and how far state authorities can go.

It is in the area of judgment that commissioners find room to turn down rate increases. The commissioners themselves like judgment factors when they are in their favor. For example, there has been considerable reliance by com-

missioners on the wage factor in recent years, when wages were high and employment full. They are still relying upon that factor in their arguments against increases, even though years ago the workmen's compensation insurers tested it out and found it to be highly untrustworthy. When employment and wages are going down, the commissioners are not so anxious to acknowledge the wage factor. It is one thing at one time and another at another time. The wage factor on a statewide basis is not very convincing. Individual industries disagree as to what the factor ought to be. The commissioners disregard the factor when the economy is sliding off.

Going to Insist on Profit

One difference in w.c. insurance compared with previous years is that the companies no longer are inclined to look on the line as a loss leader. In former years they did not feel a profit to be too important. It was a large volume producer, and the insurers could use the volume to help pay for an organization—salaries, claims handling, and so on, and make the profit on other lines such as general liability. The companies didn't plan to make much or any money on w.c. Today the philosophy is that a line ought to stand on its own feet;

other lines should not have to bear the burden.

In recognition of this by both the insurers and the commissioners, there is now a factor of 2.5% for profit in the rate computation. Already this has been shaved in a couple of states. Although the commissioners approved the idea, wherever it is necessary to raise rates for the companies to get the 2.5%, its authority is not fully recognized. The item has been reduced, or it disappears altogether. It is all right when the rates do not have to be increased to produce it.

Rate Level Factor

Another thing that the w.c. people regard favorably is the rate level adjustment factor, which helps to iron out the time element in policy year experience.

Even where there is a law change, as in Michigan, the projection of increased benefits in terms of rates is an actuarial computation and to some extent theoretical rather than actual, so that the commissioner can argue that actual experience figures show the companies are making enough profit to absorb the increased benefits provided by a change in the law. In any contest of judgment, as between commissioners and insurers, the commissioner on his home ground, facing a rate increase that will cost ex-

tra premiums amounting to millions, will sometimes seize upon any reasonable argument to avoid or postpone the evil day.

What strengthens the hands of the commissioners is that policy year experience still is well behind the current data. Companies just now are getting 1947 policy year figures. In this advanced sector both sides are talking about trends, estimates, projections, etc., and the element of judgment is indispensable. Even reserves involve some judgment, particularly in allowing for economic trends.

Even so, it appears that companies are not going to let the matter drift and permit experience to pass, leaving them in a cloud of red dust. There is a profit factor in the rate, and they are going to insist upon the business yielding a profit of some kind.

Lee A. & H. Head of U. S. F. & G.

Personnel changes at the home office of U.S.F.&G. and at its branch offices have been announced.

Gregory A. Lee, formerly assistant superintendent of the A. & H. department, has been appointed superintendent to succeed Harry Prevost who has retired after 43 years of service.

With the retirement of Harry C. McMechen, assistant secretary and superintendent, the federal bond department has been merged with the public official department under Harry B. Davis, assistant secretary.

John C. Matzen, formerly assistant to Mr. McMechen, will become an assistant superintendent of the public official department.

Henry G. Sachse will continue as senior assistant superintendent of the public official department.

Donald M. Leach has been appointed assistant manager at Portland, Me. Associated with the company since 1935, he recently has served as supervisor.

H. Monroe Baisden has been appointed assistant manager at Jacksonville, Fla. He has been with U.S.F.&G. as underwriter and supervisor since 1939.

Walter S. Lane has been appointed assistant manager at San Francisco, effective Oct. 1. He joined U.S.F.&G. in 1914 and is now general superintendent of the casualty department at Chicago.

Walker, Bauernschmidt to New Md. Casualty Posts

Albert Walker has been appointed assistant manager of the home office bonding division of Maryland Casualty. He has been assistant bonding manager at Boston. He will act as general assistant to E. Kemp Cathcart, vice-president and director of bonding, in the conduct of all bonding operations. Mr. Walker went with Maryland Casualty in 1938 and served as a fidelity and surety underwriter at Boston for seven years.

John G. Bauernschmidt has been appointed assistant resident manager at Detroit for Maryland Casualty. He joined the company in 1927, served as special agent at Philadelphia until 1933, when he was made assistant manager of the bonding department there. In 1943 he was transferred to Buffalo, where he served as manager of the bonding department until returning to Philadelphia in 1945 as a special assistant.

Corpus Christi Expansion

The Swantner & Gordon local agency of Corpus Christi, Tex., has acquired the local agency of Frank Sparks Co., following the death of Mr. Sparks. Swantner & Gordon have completed 13 years as a partnership. The firm commenced with G. R. Swantner and Jamin Gordon and one girl. Today the agency has 25 employees.

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Switchman Loses Arm in Freight Yard Mishap

Pa., March 14—Insufficient clearance between a signal stand and the freight car on which he was riding was blamed for serious injuries sustained yesterday by [REDACTED], a railroad switchman. The accident occurred in the freight yards of the [REDACTED] Manufacturing Company on Front Street. The arm was so badly crushed that immediate amputation was necessary.

Unexpected Liability Faces Manufacturer

Covered by American-Associated Comprehensive Liability Policy

When the injured switchman tried to recover from the railroad, alleging negligence, an unusual situation developed. The railroad's lawyers produced a 50-year-old side-track agreement which made the manufacturer liable for any accident arising out of the use of the side-track serving his factory.

Although this agreement had not been brought to light when the policy was written, the manufacturer was automatically protected by his American-Associated Comprehensive Liability Policy. This policy is designed to cover unexpected, unforeseeable or unknown liability hazards. It eliminates gaps and loopholes between separate policies covering specific risks. It is truly comprehensive in its coverage and protection.

Some basic liability coverages in the
American-Associated
Comprehensive Liability Policy

- Automobile Operations Products
- Premises Elevators Contractual Protective

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Eye Developments in Killing Pests, Weeds by Chemicals

Underwriters are closely following developments in pest control and weed killing, particularly where airplanes are used to apply the chemicals. The farmers personal liability policy and product liability on chemical manufacturers are the lines involved, and there have been enough losses to cause some concern, although the real anxiety springs from the fact that some of the chemicals are new, methods of applying them are sometimes new, and there is much uncertainty as to what could occur.

In Texas, the Rice Growers Assn. purchased a quantity of an insecticide that would kill the bugs on rice, and hired an aviation firm to dust the rice crops with it. A bad wind blew the chemical on to a cotton crop, and destroyed most of it. The actual damages were assessed at \$156,000, and this liability was divided among the manufacturers of the chemical. The matter didn't go to court, and so far as is known, underwriters were not involved in the settlement, but it

is a good illustration of what underwriters fear can occur.

Underwriters have discussed the possibility of excluding herbicide, when writing products on chemical manufacturers. The effect on one crop of a chemical designed to do a job on another could be serious for the insurers. Some items that were regarded as 100% blessings for the destruction of weeds or insects have proved so toxic they could not be used as originally designed without running the danger of harming animals or foodstuffs that find their way to the table.

The restrictions applied by the Civil Aeronautics Administration, such as the prohibition against dusting with 2,4-D from planes because of drifting hazard to broadleafed crops, have been of some comfort to underwriters. The prohibition of 2,4-D dusting was issued in 1948. It permits spraying because there is not the same chance of drifting, and boll weevil dusting is allowed. There are also restrictions governing the operation of airplanes in pest control. This includes use of an experienced pilot, permit from local authorities, the following of a planned course, and so on.

With the development of special insecticides and weed killers coming at about the same time there was a sur-

plus of airplanes, there was a tremendous increase in use of plane spraying and dusting of vegetation. In May, 1946, there were 12 spraying operators, 188 dusting operators and 10 defoliation operators in the United States. As of June, 1948, these three figures had grown in 494, 501, and 42.

At the Aerial Agricultural Spraying Conference in Manhattan, Kan., early in 1949, it was suggested by G. D. Childress of the CAA that the complaints from 2,4-D spray by plane were caused by poor operators, principally those operating leaky apparatus that dribbled over crops not intended to be sprayed. He suggested cooperation of federal and state departments of agriculture, farmers, plane operators, CAA, insurers, and the new National Agricultural Chemical Assn., a group of chemical manufacturers, to meet and solve the problems that are arising in this operation.

New Chemical in the Works

A new chemical, 2,4-T, it is said, is being developed to kill woody plants, bushes and undergrowth. It is estimated that in 1948 ten million pounds of 2,4-D was used, enough to treat 12 million acres, and from 9 to 25% of it was applied by air. Forests have been sprayed to kill the tussock moth, poisoned bran has been spread by airplane to kill grasshoppers. One midwest operator has about 25 planes and 100 pilots with a fleet of trucks for crop dusting or spraying; another operator expects to use 200 planes for training pilots to spray and dust and sprayed 200,000 acres in 1948, indices of the development in this field.

The CAA also has restrictions applicable to sulphur dusting because of the fire hazard, and operators following these restrictions have had good experience.

N. D. to Study Sask., Alta., Mass. Auto Cover Setups

It is expected that a legislative subcommittee will be delegated in North Dakota to effectuate a house resolution that provides for study of problems of motor vehicle liability, "investigating the provisions and operation of the laws of other states and provinces on this subject, with particular reference to the laws of the provinces of Saskatchewan and Manitoba and the state of Massachusetts, and considering the feasibility of establishing a system of compulsory motor vehicle liability insurance or a state-owned and operated motor vehicle insurance department in North Dakota."

In the last legislature two bills were introduced calling for compulsory motor vehicle insurance or governmental motor vehicle insurance systems, but both were defeated and the resolution requesting additional information on the subject was adopted.

The subcommittee probably will make personal contacts with the Saskatchewan insurance office and also attempt to evaluate the popular acceptance of the system in that province. The present North Dakota unsatisfied judgment fund law is modeled directly on the Manitoba act and the subcommittee will endeavor to compare the attitude in the two provinces. At the time of the adoption in Manitoba of the unsatisfied judgment fund law, there was considerable sentiment for compulsory insurance but, despite the existence of the Saskatchewan plan across their border, the Manitoba act remains in operation almost without change.

Claim Work Decentralized

The Farm Bureau companies of Columbus have established a branch to handle automobile claims in Pennsylvania at Harrisburg in charge of Richard G. Chilcott, former field claims supervisor of the northern zone. This is a decentralization move and it may be the forerunner of similar installations elsewhere. Regional claims managers at Harrisburg will be Ralph D. Gutshall, Fred B. VanNewkirk and Jared Darlington.

Urge Move to Cause Change in Jury Attitude

ST. LOUIS—The epidemic of large, and apparently unconscionable verdicts in cases of tort, aided and abetted in no small degree by the bench has added materially to the complications of claim work and rate structure, Vice-president W. Kenyon Lloyd of Maryland Casualty asserted in addressing the round table meeting of the insurance law section of American Bar Association here. Entirely aside from judicial pronouncements beamed at the jurors as to the greatly depreciated value of the dollar juries also pervert their judgments materially when it appears directly or indirectly that insurance will pay the freight.

The speaker referred to the fact that it has been suggested that the public including the juries should be made to realize that in placing this additional and unwarranted cost upon the insurer they themselves together with all members of the public must eventually pay it through increased rates. The old rule that was adopted when insurance was in its infancy that disclosure of insurance entitled the defendant to a mistrial has lost much if its efficacy.

In one way or another juries now know whether or not insurance is involved. He asked whether the time has come when the old rule should be given less emphasis and an attempt should be made to demonstrate to juries the ultimate result of their misguided conception. These enormous verdicts make it difficult for the public to judge what limits of liability to carry. There is a marked tendency to resolve a problem by requiring insurers to settle all claims within the policy limit at the peril of becoming liable for the excess of any verdict over policy limits. He said that at the recent session a legislature in the middle west considered a bill to reduce this "preposterous" doctrine to legislative enactment. Presumably he was referring to Ohio.

Mr. Lloyd said that stock casualty companies entered in New York and operating country-wide paid the bar in fees on claim work alone about \$20 million in 1948. In the aggregate the amount received from insurance companies is a substantial portion of the lawyers' income and if the fees to plaintiffs' lawyers are included the overall figure is doubly impressive.

Mr. Lloyd said that the claim tech-

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nique can be stated in the slogan: "Get the facts and get them quickly—prompt adjustments please everybody."

The adjuster must know what he is looking for and be able to separate the wheat from the chaff. Such information when mobilized and studied enables the claim manager to determine the coverage, assess the loss rightfully payable and complete the settlement.

The public forms its impression of insurance from delivery of the promise guaranteed by the contract which is the performance. The claim man hence is in a better position than others in the business to make friends and also to make enemies.

Stronger the Team, Fewer the Suits

The stronger the team of claim man and lawyer the fewer are the claims which will reach the trial table. It is the duty of the claim man and lawyer to reduce litigation to an absolute minimum.

Many claims go into litigation unnecessarily as a result of faulty initial claim investigation and handling. Unless there is no coverage or no liability or fraud is evident most claims have a value and to determine that value and settle is the main objective of a successful claim operation. The lawyer must join in avoiding litigation. He must insist that the investigation is complete as laid before him and must undertake immediately to dispose of the claim on a fair basis. He said that a fair value should be put on the claim if it has merit and a constant effort should be made to settle it, whether in suit or not.

There is, however, and always will be a class of claims which must be tried and here the insurer wants a fighter. The integrity of the business is involved and it has a duty to the policyholders who would otherwise be adversely affected as to rates, if unwarranted claims were not contested.

proved to be the larger amount under this benefit.

A similar change is made in the optional life indemnity provision. It provides that if the insured, after requesting weekly indemnity payments in lieu of fixed sums for loss of both hands, both feet, or sight of both eyes, shall die before receiving weekly indemnity for 200 weeks, the balance of such 200 weeks indemnity remaining unpaid at

the time of his death shall be paid in one sum to the estate of insured. This avoids any election on the part of the insured eventually being to his own detriment.

Still another added feature in many of the revised policies is the inclusion in the surgical coverage schedule of a provision for payment for all cutting operations whether listed in the schedule or not. Some companies have provided

CHANGES IN CASUALTY FIELD

Employers Group Surety Changes

Michael J. Hally, formerly assistant superintendent of the Employers group claim department, has been promoted to surety executive assistant at the home office.

In this newly-created position Mr. Hally will be concerned with surety underwriting, production and claim work.

Harold F. Barnes has returned to the enlarged New England department, where he will operate in an executive capacity in connection with all bond business.

Succeeding Mr. Barnes as superintendent of the home office surety department is Joseph H. Johnson, formerly assistant superintendent. Mr. Johnson has been in the surety business with Employers over 20 years.

MacGibeny Agency Opens Boiler Dept. Under Jenson

The MacGibeny - Wilkerson - Gruppe agency in Chicago has established a boiler and machinery department with Emil O. Jenson as manager. Mr. Jenson will extend selling and underwriting aid to brokers on these lines. He is a boiler specialist of 30 years experience. He started with Travelers in Wisconsin as a boiler inspector, went with Ocean Accident at Cleveland seven years later in boiler production work, then joined Continental Casualty in Chicago as superintendent of the engineering department. When Continental withdrew from the boiler field, he went to Hartford Steam Boiler at Chicago in the claim department.

Denton, Devaux, Harkins Elevated by U. S. Casualty

Donald H. Denton and Louis Devaux have been named executive assistants to Frank M. Bullen, vice-president in charge of the casualty department of United States Casualty.

Mr. Denton, who has been manager in Philadelphia for nine years, will supervise underwriting and production in the eastern department. Mr. Devaux will have charge of the western department. He has been immediate assistant to Mr. Bullen.

John G. Harkins has been promoted to resident manager at Philadelphia to succeed Mr. Denton. He has for ten years been special representative in Pennsylvania. He started in the business in 1923 with Independence Indemnity and later was with U. S. F. & G. and Zurich in the underwriting and claims departments. He is a graduate of the University of Pennsylvania.

Mr. Denton is president of Casualty

Underwriters Assn. of Philadelphia. He entered insurance in 1934 with New Amsterdam Casualty at Philadelphia and in 1941 joined U. S. Casualty there.

Mr. Devaux, a graduate of Fordham law school, started with Royal Indemnity and for 15 years was superintendent of casualty underwriting. He joined U. S. Casualty in 1948.

Jacobs Retires, U.S.F.&G. Names Wilson at Denver

David Jacobs, manager at Denver for U. S. F. & G. since 1906, has retired. He has been with the company since 1902 and will remain in an advisory capacity until Jan. 1. His successor is Thomas T. Wilson, manager at Little Rock, Ark. Mr. Wilson has been with the company since 1925 as safety representative, field supervisor and manager.

Coast Division Set Up

The newly organized western department of Automobile Mutual and Factory Mutual Liability has been set up in the Russ building, San Francisco, with jurisdiction over 11 far western states. These companies are paying dividends of 50% on automobile fire and theft and 35% on casualty insurance lines.

A. Mason Blodgett is the manager. Before the war he was with Aetna Fire in New England and with Standard Accident. After the war service he went with Automobile Mutual and Factory Mutual Liability and has served in the home office and as branch manager in Maine. He is a C.P.C.U.

Sexton Albany Manager

James V. Sexton has been named branch manager at Albany of James S. Kemper & Co. He has been with the company since 1946, and has been located at Buffalo.

ACCIDENT

Would Avoid Penalizing Insured Under Elections

In addition to substituting "accidental bodily injuries" for "accidental means" and liberalizing the aviation provisions, recent A. & H. policy revisions to comply with the new edition of the Official Guide cover some of the points brought up in the minimum benefit discussions at N.A.I.C. committee meetings, according to J. F. Follmann, manager of Bureau of A. & H. Underwriters.

One new feature effects an improvement in the elective indemnity provision so that the policyholder can no longer jeopardize his position in making his elective choice. A policyholder is now given complete latitude so that regardless of his original choice he now receives what would ultimately have

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this coverage in the form of a fixed sum for such non-scheduled operations. Others have provided that such operations shall be paid for on a proportionate basis to those operations listed in the schedule. Difficulties have been occasioned with some of the insurance departments in trying to include this additional coverage and two departments have taken contrary and irreconcilable viewpoints. Because of this difficulty some companies have decided not to include this added coverage in their policies.

Fireman's Fund Indemnity Conducting A. & H. Courses

Courses in A. & H. insurance, open to all agents, including life, are being conducted by Fireman's Fund Indemnity. Four have already been held at Seattle, Oakland, Denver and Chicago with attendance of more than 300. George W. Kemper, manager of the A. & H. department is conducting the classes.

Four more classes are now scheduled; Reno, Sept. 12-13; Portland, Ore., Sept. 26-28; San Diego, Oct. 25-28, and Albuquerque in November, the date to be set. The San Diego course is being sponsored by San Diego Assn. of Insurance Agents. Mr. Kemper will make a special talk on selling A. & H. at an association luncheon Oct. 28.

Wis. General Agents Confer

Wisconsin general agents of Massachusetts Protective and Paul Revere Life held a two-day sales congress at Milwaukee, conducted by H. J. Schaffer, superintendent of agencies, and Howard Greenwood, field supervisor. Agency problems were discussed with Lester Ellis, Milwaukee; Alfred Rackow, Green Bay; Francis Quade, Wausau, and Harry Bronson, Madison, general agents.

Want No Loading on B.C. Bill

HARRISBURG, PA.—Action may

be taken by the Pennsylvania department to require institutions working with hospitalization plans to charge the non-profit group "for the actual cost incurred without loading that cost with deficiencies caused by charity patients."

Commissioner Malone said hospitalization services in Pennsylvania are being jeopardized by increasing hospital costs, and he hinted that the hospitals are padding Blue Cross and other group hospitalization plan bills to pay for charity cases.

Clement W. Hunt, executive director of Capital Blue Cross, said his group which serves 18 central Pennsylvania counties, would have to revise its structure next January by either increasing rates, cutting services, or changing the method of reimbursing hospitals "by paying only for actual costs incurred by the patient."

COMPANIES

United Air Lines Head on Mutual Benefit H. & A. Board

William A. Patterson, president of United Air Lines, has been elected a Mutual Benefit H. & A. director. He replaces George J. Cleary, who retired to accept the presidency of United Benefit Life, Mutual Benefit's affiliate. Mr. Patterson became president of United Air Lines in 1934. He entered the air transportation field in 1929.

To Write Additional Lines

California Compensation, one of the Nathan L. Fairbairn projects, plans to enter the miscellaneous field in the near future.

To qualify for these additional lines the company has sold 85,656 of its deferred common shares to Nathan L. Fairbairn General Agency for \$21,414

to bring its capital up to the required \$200,000.

Am. Fidelity Enters Cal.

American Fidelity of Montpelier, Vt., has entered California, this being a member of the New Hampshire Fire group, and Miley H. Rodgers, Pacific Coast manager of New Hampshire, will be responsible for American Fidelity.

SURETY

Surety People to Give Views on Problems of Federal Employee Bonding

WASHINGTON—Surety company interests have indicated they will probably submit a report to the U. S. comptroller general about Oct. 1 on several bills introduced in Congress dealing with the problem of the bonding of certain government officials and employees.

Such a report was asked for by Assistant Comptroller General Ellis, he said, in an effort to secure agreement or cooperation between the government and surety interests in working out some plan for dealing with the bond problem, differing from the present plan under which the bonded pay their own premiums. These measures variously propose to set up a government bonding fund, to have the government pay premiums on bonds it requires its officials people to put up, etc.

The bills have been referred to the comptroller general by congressional committees. Rep. Karsten's subcommittee of the House committee on expenditures in executive departments plans to hold hearings on some of the bills after reports are in from government agencies concerned.

Last Congress the budget bureau failed to coordinate the ideas of such agencies with a view to recommending a new bonding plan to Congress.

The Hoover commission on government reorganization recommended creation of a government bonding fund.

Two Big Federal Projects

Morrison-Knudsen Co. and M. H. Hassler jointly have been awarded the contract for certain construction work on the Delta-Mendota canal, Central Valley Project, at \$4,273,872. The work is near Volta, Calif. Fidelity & Deposit will execute the payment and performance bond.

Del E. Webb Construction Co., Phoenix, Ariz., was low bidder at \$7,936,000 for the construction of a 500-bed veterans hospital at Kansas City. Maryland Casualty is on the bid bond.

Seek Recovery from Estate

DES MOINES—St. Paul-Mercury Indemnity and National Surety have

filed an appeal with the Iowa supreme court on a suit to recover \$78,504 from the estate of Earl H. Nyce of Marshalltown, Ia.

The companies are seeking to recover money paid to Fidelity Savings bank to cover shortages in the accounts of Nyce. Nyce fell dead while working in the bank in 1947.

The bonding companies contend that Mrs. Lora K. Nyce, widow, closed the estate prematurely and did not give the companies time to file claims against it. The Marshall county district court ruled against the companies and refused to reopen the estate.

Boyer Group Disability Manager for Hartford A. & L.

Willett K. Boger, Jr., has been appointed manager of the group disability department of Hartford Accident.

Mr. Boger was with the Prudential for eight years, becoming manager of the group division of the western home office. He served as manager of the New Jersey TDB division of Continental Casualty when the New Jersey act became effective, and most recently has been with Delaney, Kipp & Sturhahn of New York as manager of the life and group department.

Mr. Boger is a graduate of Northwestern University. During the war he was a lieutenant in the navy.

Bituminous Casualty Makes Half Year Gains

The semi-annual report of Bituminous Casualty shows assets of \$24,407,675 as compared with \$21,489,111 for the same period of 1948, an increase of 13.51%. Surplus to policyholders was \$4,691,589, an increase of 27.2% over the 1949 figures.

Net premiums written for the six months period were \$7,177,276, an increase of 1.37%. Net underwriting income was \$893,023 as compared to \$697,388 in 1948.

Assets of Bituminous F. & M. increased from \$585,043 to \$662,944. Its underwriting profit for the first six months was \$51,336.

PERSONALS

Peter A. Zimmerman, assistant secretary of Surety Assn. of America, has returned to his office after several weeks in camp with the New York state national guard. Technical Sergeant Zimmerman is with a line company of the 71st infantry regiment.

Harold P. Jackson, president of Bankers Indemnity, has been elected a trustee of the Roscoe B. Jackson Memorial Laboratory at Bar Harbor, Me. The laboratory is a center for the study of heredity in experimental animals and research in cancer and other diseases.

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Mary Donlon Gives SS Views

(CONTINUED FROM PAGE 21)

doling out benefits with the other?

The speaker outlined extensively the New York temporary disability benefits legislation that becomes effective Jan. 1, 1950, and with benefits becoming payable commencing July 1, 1950. She expressed the belief that this type of law points the way for constructive handling of social insurance. The risk is essentially group A. & H. coverage. It is mandated coverage for employers of four or more with employees contributing to premium cost. Disassociation of the new program from unemployment compensation frees state administration of disability benefits from the purstring controls that are exercised by the federal government over unemployment compensation administration.

Qualifying Private Plans

The most significant feature in the New York law, she said, is the statutory permission for qualifying private plans. Existing welfare plans may be continued during their effective terms. Employers and employers are given wide latitude to work out new welfare plans that are mutually acceptable. The role of government is much more limited than in Rhode Island, California and New Jersey. Essentially under the New York law, administration establishes minimum standards and polices performance. There is no unnecessary intrusion of government into employer-employee relationships nor does the New York law set up a bureaucratic agency of government to collect taxes and hand out benefits.

The manner in which the bill was drafted in New York, ironing out differences through conference and consultation between various groups, is almost as significant as is the bill itself, she declared.

To this law any future provision of medical care could be attached on an insurance basis without the slightest risk of socializing medicine. Under workers' compensation in New York there is mandated provision of medical care, safeguarding free choice of physicians. Many existing and new disability benefit plans in New York already include or contemplate the provision of medical care benefits although the New York law does not require this provision except for on-the-job disability.

No Cause for Alarm

The fact that in the future there will be more, not less, social services including social insurance is no cause for alarm even on the part of conservatives, she declared. Management and insurance, as well as labor have a duty to assist in formulating social service programs that are fundamentally sound. Social services having to do with health including social insurance to provide cash disability benefits and to distribute the cost of medical care can best be administered at the state level. A strong underpinning of safety education and public health services is essential to any program designed to provide disability benefits or pay for medical care.

There is no reason to believe that a government monopoly can best serve the insurance needs of these social services. Properly regulated private insurance already experienced in the field should be given the opportunity to prove

whether it can adequately service the needs for social insurance.

If private insurance does the job and does the job well, then the role of government administration can be held to a minimum of interference in employer-employee relationships. However, if private insurance should prove unequal to the responsibility, the government will

inevitably be required to understudy the role and, finally, to take it over.

All groups have an obligation of contributing toward good administration of social insurance. If the performance is less than the promise, dissatisfaction will ensue and this will result in increased tensions in employee-employer relations.

Virtues of Auto Standard Provisions Are Extolled By James B. Donovan

(CONTINUED FROM PAGE 21)

representing the interested companies. While experienced draftsmen may point out, for example, that to eliminate a certain exception would permit desirable simplification of the contract, the responsibility for deciding the extent of the coverage remains with the underwriters. There occasionally is presented a question as to whether coverage may be made available in any form, as, where it might contravene public policy. In such a matter, the legal opinion as to the illegality of coverage would be accepted. The more usual problem faced by underwriters, however, is whether the coverage should be given in the basic policy form at the normal rate or whether it should be added only by way of endorsement at a separate charge.

Thus there may be a question as to whether a certain exclusion or limitation should be eliminated from a policy. Such is not always in the interest of the ordinary insured. Elimination of an exclusion means that the losses thus covered become part of the experience statistics under the policy, and accordingly the cost of this additional coverage is borne by all policyholders. If the hazard excluded is such that the ordinary insured has no need for such protection and should not be required to pay for it, the more proper approach is to exclude the coverage from the policy but permit those so desiring to purchase it by an endorsement for an appropriate separate charge. Determination of such questions is made by the underwriters and requires broad insurance experience combined with sound executive judgment.

The substance of the coverage (referred to in state rating laws as "the character and extent of the coverage contemplated") is set forth in underwriting rules usually contained in company manuals. These must be filed with, and are reviewed by, the state insurance departments.

Drafting the Contract

The substance of the desired coverage having been determined, the next problem is how best to express the underwriting intent in the form of a contract. This task of draftsmanship necessitates not only a grasp of the underwriting intent but also clarity and simplicity of expression, an understanding of the legal significance and interpretation of terms, and a knowledge of all the conditions which should be embodied in a proper contract if both insurer and insured are to know their respective rights and duties. In the national standard forms program, these problems are met first by a joint drafting committee with staff assistance. The work of this subcommittee is later reviewed by the entire joint forms committee. Both groups are almost exclusively composed of attorneys experienced in the field, represent-

ing the companies which are members of the committees. Prior to meetings there has been a review of pertinent court decisions and similar authorities or data.

The primary difficulty faced by policy draftsmen results from a dilemma. Their first objective is to write a contract which clearly sets forth the agreement between the parties, in such detail that in every ordinary situation a person reviewing the policy (whether insurer, insured, producer, attorney, court or insurance department) will find appropriate provisions expressing the intent. Their next aim, however, is to have the contract simple and concise. The difficult task of reconciling these opposed objectives is seldom appreciated by those who are prone to criticize a policy as either too long or as not sufficiently detailed on a particular point.

Provisions Not Copyrighted

Any insurer, government authority or other interested party may obtain a copy of the model forms. None of the provisions is copyrighted. They may be adopted for use by any type of insured, whether stock, mutual or reciprocal exchange. Use of the standard phraseology of course does not affect a company's decision on rates; nor do the promulgated endorsements indicate what,

if any, charge should be made for such additional or restricted coverage.

The standard provisions devised by the forms committee are issued to the companies and other interested parties in the form of booklets. The declarations, insuring agreements, exclusions and conditions set forth in these booklets are not to be omitted or altered except in accordance with detailed instructions accompanying the provisions. For example, complete flexibility in the sequence of the several parts of the forms is permitted. It has been found that once uniformity of language is accomplished, absolute rigidity is neither necessary nor desirable. It is for this reason that the same insuring agreement, for instance, will appear as coverage B in the policies of one company and as coverage C in the forms of others. If an insurer does not write medical payments, for example, all provisions relating solely to such insurance may be omitted from the company's form.

Filing of Booklet

A filing of each booklet in a state insurance department constitutes in effect a filing of the various policy forms permitted under the instructions. One such booklet normally is filed by a rating organization on behalf of all its member and subscriber companies, which may issue policies only in conformity with the terms of the booklet. Accordingly, after a new form has been finally approved by the draftsmen, such filings are made wherever required by state laws. Companies not affiliated with rating organizations but which adopt the forms, individually file copies of their policies.

State insurance departments have cooperated wholeheartedly in the program. There is an occasional difficulty when a particular official in a state insists upon some personal predilections, ignoring the fact that it is to the advantage of all in this interstate industry to have a form used nationwide. Such myopia is rare,

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however, and almost all insurance departments understand the objectives of the program, the difficulties in its operation, and the benefits to policyholders and state departmental administration resulting from it.

Having noted the history, scope and operating procedures of the program, we may turn to consideration of its effect upon the business of insurance. Does such standardization represent an undesirable trend away from independent initiative or is it a progressive step in the public interest? To determine this we may briefly examine the impact of the program upon those most directly concerned.

From the viewpoint of companies, the advantages of national standard provisions are very substantial. So far as rate-making is concerned, we have noted that more accurate data is secured by obtaining experience based upon losses paid under the same types of contracts. This is true for all insurers and state authorities. Again, none of the companies using common manuals may offer the same intended coverage in a policy cleverly phrased so as to seem more attractive to a purchaser. There also are, of course, major economies to the individual company which result from the production and filing of model forms by a central group. Furthermore, each insurer has available the benefits of expert draftsmanship reflecting a combined knowledge of court interpretations of language, practical construction of terms by claims men, etc. These last two considerations are most important to the smaller companies. To underwriters the program means that they are reasonably certain of the extent of their obligations and are not suddenly confronted with liabilities which they never intended to assume in a particular case. This results not only from the intensive group study but also from the fact that the meaning of standard phraseology becomes more definite each year, as it receives judicial interpretation and everyday construction. While these gains are only relative, the program does mean a substantial lessening of many such dangers which were present when each company wrote its own forms.

Standard Phrases to Express Intent

It remains true, as we have noted, that in some lines of insurance there still is such fluidity that to attempt complete standardization of policy and endorsement provisions is not practical and would result only in time-consuming complications. In other lines of insurance, only certain companies write the overwhelming percentage of the business and it may be more common sense

to have model forms prepared by those companies. Even in such instances as the foregoing, however, there remains the desirability of using standard phrases to express intent, wherever that is possible.

From the view point of the insuring public, most of the foregoing gains to the companies also redound to their advantage. Sound rates, economical company operation, certainty of coverage, these are important to the insured. He need not undertake a microscopic examination of policy language nor be subjected to misleading sales arguments based upon varying phraseology. To insure with interstate operations the program is vital, for acceptance of national standard provisions avoids the multiplicity of policies and differences in coverage which would be faced if each company and state went its separate way. The state insurance departments, representing the public, are the beneficiaries of the program in similar respects. In addition, they obtain substantial assistance toward efficient administration. To analyze the model provisions, and thereafter check variations from them in order to determine the coverage afforded, enables a far more informative and yet more simplified examination of forms. If every company wrote and filed individually created contracts, the mere cataloguing of them would be a complex task and an intelligent study of their provisions would require a large, trained staff. The program further gives to authorities wishing to discuss form matters, a central body to which inquiries, complaints and disapprovals may be addressed. Again, the filing of national standard provisions gives reassurance that the insuring public in the state is afforded the same benefits made available to insureds in other jurisdictions. More important than any of the foregoing, the revisions of major forms have consistently represented not only clarification but extension of coverage. The steady growth of "omnibus insured" and "use of other automobiles" and the creation of medical payments, under the automobile liability policies, are excellent examples of this progressive development. For all of these reasons, from its inauguration the program has consistently been advocated by state authorities as most desirable from the public viewpoint.

Agents Important Factor

To the agents and brokers, whose complaints concerning the former system (or lack of system) were an important factor in establishing the program, national standard provisions have been a boon. Each advantage which we have

noted is applicable with even greater force to those who every day face the problems of understanding coverages, answering questions of insureds and presenting claims to companies. They further are enabled, through such organizations as National Assn. of Insurance Agents, to make known their views to central groups fairly representative of the industry. For those producers representing insureds with interstate operations, it is especially necessary to be able to obtain uniformity of coverage for the entire risk.

Mandatory Policies the Alternative

Finally, it must not be forgotten that the alternative to such a program could well be the statutory or administrative requirement of mandatory policies. Quite apart from the transfer of a management function to government, in a growing industry constantly meeting new and complex problems the rigidity of such an approach renders it undesirable from every viewpoint. The experience under statutory policies, in which every policy change requires an act of the legislature, has demonstrated why the casualty program should be preferred.

We accordingly may conclude that the national standard provisions program represents important gains to all parties primarily concerned.

Legal Status of the Program

Our final consideration is reserved for a brief analysis of the legal status of the program.

We have seen that for compliance with state laws requiring the filing and approval of policy forms, the standard provisions program aids governmental administration and the insurers concerned. For companies affiliated with a rating organization it eliminates individual filings and for unaffiliated companies it simplifies a filing by enabling a reference to be made as to whether the proposed form follows or differs from the model. So-called "master filings" of standard provisions by rating organizations have been accepted as full compliance with form-filing statutes in all but the rare instance.

What is the legal position of the program since insurance assumed its new status as interstate commerce? While there have been no court decisions directly on the point, an analysis of the facts and applicable law indicates that there exists no legal objection to continuance of the program in its existing form.

Under the S.E.U.A. decision, transaction of the insurance business across state lines is within those provisions of the Sherman act prohibiting restraints of trade. Under the McCarran act, state

regulation of insurance was reaffirmed by Congress and at present the Sherman act applies to insurance only "to the extent that such business is not regulated by state law." We thus may analyze the standard forms program by inquiring first, whether it violates the Sherman act, and second, assuming a violation, whether immunity arises because it is "regulated by state law."

Sherman Act Question

In considering whether the standard forms program involves a violation of the Sherman act, it should be remembered that only "unreasonable" restraints of trade are prohibited by the act. Price fixing activities have been held to be unreasonable per se, and there is every indication that the same rule applies to boycotts and certain uses of patents. In other cases, however, the issue is whether or not a restraint is reasonable, and "the history of the restraint, the evil believed to exist, the reason for adopting the particular remedy, the purpose or end sought to be attained, are all relevant facts." A review of the standard provisions program would appear to demonstrate that it involves no forbidden restraint of trade except to the extent that its use by a rating organization could be cited as incident to price-fixing activity. Further, as we shall see, any such use is exempted from the Sherman act because it is "regulated by state law."

We have reviewed the reasonableness of the program from the view point of the benefits it confers. We also should remember that the operations of the joint forms committee, attorneys drafting contracts for their clients, cannot involve a restraint. Their decisions are not as to what should be offered but rather, assuming that a hazard is or is not to be insured, what is the best method of affording or excluding coverage. Under the instructions in standard provisions booklets, coverage may be

(CONTINUED ON PAGE 15)

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Famous American Homes

HEADQUARTERS BEFORE WHITE PLAINS"

*Elijah Miller House
where Washington Planned
his Campaign*



been built about 1738 and was enlarged by an addition in 1770.

During his stay at the Miller home, Washington occupied two rooms in the newer part, one of which had a door opening on the porch, thus making it possible for visiting officers to come and go without encountering the family. Built at the foot of a hill from which the last shot of the White Plains campaign was fired, the house had a secluded yet accessible location which made it ideal as a military headquarters.

Mrs. Ann Miller continued to occupy the house until her death at the age of ninety-two. This patriotic woman served her country long and well. Besides her husband,

she lost her two sons to the cause of freedom. Both died on the same day of disease contracted in camp. In addition to making her home available to Washington, Mrs. Miller nursed many wounded soldiers there.

Shaded by an ancient sycamore tree on which George Washington must have looked, the house he made his headquarters is now maintained by the Westchester County Park Commission and the White Plains Chapter of the Daughters of the American Revolution. Many fine Revolu-

tionary relics are on display. An interesting feature of the house is the cellar cut into the hillside where ammunition was stored for the troops encamped nearby.

Washington was again in White Plains in 1778 and in 1781. On the second of



Used to store ammunition

these visits the war had progressed so satisfactorily that he commented in a letter to one of his officers that the army "which was the offending party in the beginning is now reduced to the use of spade and pickaxe for defense. The hand of Providence has been so conspicuous in all this that he must be worse than an infidel that lacks faith and more than wicked that has not gratitude to acknowledge his obligations."

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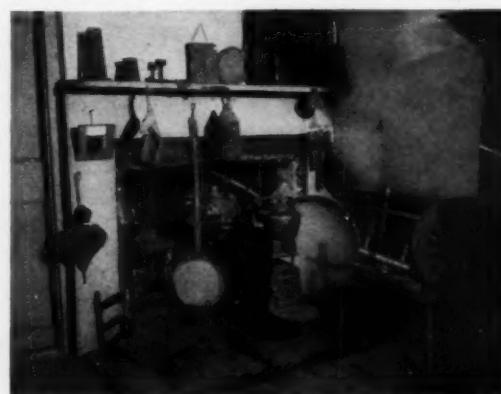
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Old-time utensils adorn fireplace in family kitchen

his headquarters during the anxious period of the White Plains campaign and here he planned his army's strategic retreat into New Jersey.

Though a small village at the time of the Revolution, White Plains was of considerable importance as county seat and business center. The Declaration of Independence was given official reading from the steps of the old court house for the first time in the colony. As the Declaration changed the Colony of New York to the State, the court house is considered the birthplace of the State of New York.

Washington established his White Plains headquarters in October, 1776, and remained there until November 10th. The house was owned by the widow Ann Miller, whose husband, Adjutant Elijah Miller, had died a few months earlier. Standing just over the most northerly boundary of White Plains, it was a simple farmstead which had

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"Now you won't need any. From the look on Arthur's face you won't have a boat—or shirt either—when he gets through suing you!"

Fred: "Don't tell me! There goes his boat
... that equipment."

Fred: "If I ever get out of this mess I'll be the 'insurings' guy in the world!"

Fred: "Well, come on—help pull Arthur in, and you'll get a fair idea how inexpensive insurance would have been—if you had it."

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